



**New York City**  
**Giuliani's first**  
**100 days as mayor**  
Page 11



**Japanese politics**  
**Buddhist sect's role**  
**in leadership battle**  
Page 10



**South Africa**  
**Are we a democracy?**  
**Or a police state?**  
Page 12



**Singapore**  
**Quest for the**  
**first league**  
Page 13

# FINANCIAL TIMES

Europe's Business Newspaper

MONDAY APRIL 18 1994

D8523A

## IMF predicts world economic growth of 3% in 1994

The International Monetary Fund is forecasting world economic growth of about 3 per cent this year, with a stronger recovery to between 3% and 4 per cent growth in 1995. In its world economic outlook, due to be published on Wednesday just before the twice-yearly meeting of finance ministers on the IMF's interim committee, the IMF predicts that global growth this year will approach the average level achieved in 1976-85, before moving higher next year. Growth in the developing countries is expected to remain "remarkably steady", an IMF official said, while in the industrialised world only the US, Canada, the UK and Nordic countries have pulled out of recession. Page 4

**Santa Fe Pacific**, US railroad and pipeline group, is to float its gold subsidiary on the New York Stock Exchange on terms which value Santa Fe Gold Corporation at between \$1.7bn and \$2.1bn. Page 18

**Brazil completes debt deal** Brazil has completed the restructuring of about \$49bn of commercial debt, ending more than a decade of uncertainty over its relations with the international financial community. Page 4

**Israel eases Palestinian ban** Israel slightly eased an 11-day-old ban barring the nearly 2m Palestinians from entering Israel but said closure of the occupied territories would continue indefinitely. Page 4

**Solbes predicts economic growth in Spain** The Spanish government is increasingly confident its economy will grow this year following last year's decline. Economy and finance minister Pedro Solbes (left) said the current account could break even for the first time since 1965, when Spain joined the European Community. Last year it showed a deficit of Ptas63bn (\$4.5bn). Page 2

**Berlusconi distances business interests** Silvio Berlusconi, expected to become Italy's next prime minister, has moved to distance himself from his Fininvest business empire by altering plans for the flotation of his publishing interests and accepting the principle of a majority stake being in public hands. Page 5

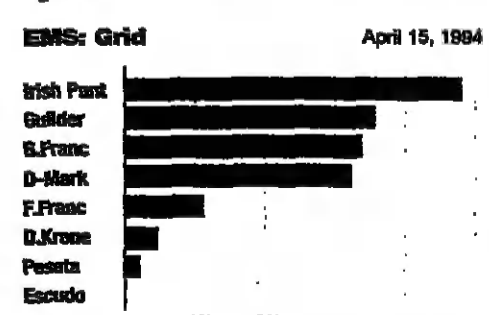
**Barclays, UK bank**, is to announce the creation of a management group to handle relationships with large companies as part of reforms intended to bridge the divide between its commercial and investment banking arms. Page 13

**Slow growth in UK retail sales** UK retail sales grew only slowly in March, according to a survey by the Confederation of British Industry which will be seen as further evidence that consumers have become cautious ahead of increases in taxation due this month. Page 5

**Atlantic Computers** A planned payout to creditors of the failed UK computer leasing company has been cancelled, following news of an impending £1bn legal claim, its administrator said. Page 13

**Britain's railways face tighter budget** A squeeze on the £1.8bn (\$2.6bn) cost of maintaining Britain's railway network has been pledged by Bob Horton, chairman of Railtrack, the company which this month took over management of British Rail's infrastructure. Page 5

**European Monetary System** The Irish punt stayed at the top of the EMS grid after a week in which Germany cut both its official interest rates by 25 basis points, causing a number of other European currencies to follow suit. The Spanish peseta slipped two places in the grid, below the French franc and the Danish krone, staying just ahead of the Portuguese escudo. Currencies. Page 25



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

**EU expansion faces snag** Expansion of the European Union to bring in Sweden, Finland, Austria and Norway in January next year could hinge on the votes of a score of former Italian communists in the European Parliament. Page 3

**Chinese leader to tour Silk Road** China's premier Li Peng begins a tour of Central Asia and Kazakhstan today, trying to nurture trade on the old Silk Road and halt a separatist backlash.

**Theatre to be named after Clegod** A theatre in London's West End is to be renamed after leading British actor Sir John Clegod, in honour of his 90th birthday last week.

Asia	S&P	Grain	D&S	Lux	UP	Oil	CR	CR
Brazil	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Canada	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
France	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Germany	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Italy	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Japan	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
UK	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
West	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

## Deutsche Bank had early warning over Schneider

By David Waller in Frankfurt

Deutsche Bank, the biggest creditor to the bankrupt Jürgen Schneider property group, was told about the impending crisis at the privately owned company four days before the group's difficulties were made public last week.

Mr Hellmut Hartmann, chief press spokesman for Deutsche Bank, said yesterday that Mr Jürgen Schneider, the property developer who built up the group

that bears his name, wrote to a member of the bank's board saying that on medical advice he had had to travel to an unknown destination and give up day-to-day responsibility for managing the business.

Mr Hartmann denied that Deutsche Bank could have prevented Mr Schneider's departure, as in the letter he indicated that he had already left Germany.

The letter highlights the closeness of Germany's biggest bank to the failed property developer.

Deutsche is thought to be owed DM1.2bn (\$700m) by Schneider out of a total of at least DM5bn owed to more than 40 bank creditors. Trademen and small businessmen are owed another DM250m. The group's remaining cash resources were estimated at just DM5m when Jürgen Schneider AG, the holding company at the heart of the group, filed for bankruptcy last Friday.

Deutsche Bank is believed to be the only bank to have received a communication of this nature

from Mr Schneider. In the letter, Mr Schneider asked Mr Ulrich Weiss of the Deutsche Bank to provide further cash for the company in his absence and if necessary to implement an orderly winding up of the property group's affairs. The letter arrived at Deutsche's headquarters in Frankfurt by special messenger on Thursday April 7.

According to some press reports, Mr Schneider was last seen that Thursday, leaving his headquarters in the town of Königstein near Frankfurt in his

armoured-plated Mercedes 600, with his wife Claudia and his daughter Isabel.

Speculation continues about Mr Schneider's whereabouts, with suggestions that he has fled to either Iran or Florida.

After receiving the letter, the bank quickly started talks with Jürgen Schneider AG officials. The bank rejected the request for further finance on April 10.

The group's difficulties were made public late last Monday.

Three days later Deutsche sued Mr Schneider, in his absence, alleging fraud.

Deutsche has insisted that it was not the company's "house bank", with an especially close relationship to the group, as is common in Germany.

In its fraud claim, Deutsche alleged that Mr Schneider provided false information in documents used to support a loan application for the Zeilgalerie shopping development in Frankfurt's city centre.

## Serbs' drive on Gorazde puts UN policy in tatters

By Laura Silber in Belgrade and Bruce Clark in London

Bosnian Serb forces edged back from the centre of Gorazde last night after sending armour into the heart of the town and leaving in tatters the United Nations and Nato policy of making the Muslim enclave a safe haven.

Mr Radovan Karadzic, the Bosnian Serb leader, said he had ordered a ceasefire to come into force today at 8am and a 3 km exclusion zone around the town.

The Serb withdrawal ended a day in which UN policy seemed to be in increasing disarray. The latest advance followed an earlier UN claim that it had negotiated a ceasefire and an agreement to deploy 350 peacekeepers in the beleaguered town.

More than 20,000 residents of outlying parts of the enclave took shelter in the town centre as Serb forces took up position half a mile away and cut the town in two by raising fire on its central bridge across the river Drina.

Efforts to send aircraft over Gorazde were hampered yesterday by the absence of UN ground troops, who in the past have guided Nato fighters to their targets.

The latest Serb onslaught was in direct violation of promises to Mr Vitaly Churkin, the Russian peace envoy, to observe a ceasefire. Russian officials acknowledged that the Serbs had misbehaved but added that Western air strikes were partly responsible for the deteriorating situation.

In mid-afternoon, scores of panic-stricken people poured into the local headquarters of UN High Commissioner of Refugees, saying a tank was advancing. Later the tank edged away from the heart of the town.

Virtually all 65,000 residents of Gorazde are now crowded into the town centre, and a UNHCR spokesman said the food situation could soon become critical unless there is a ceasefire. An aid worker in Gorazde said there appeared to be a deliberate "Serbian policy to herd people into such a small space that their living conditions become unbearable."

The Serbs' capture of the town will help them to establish a greater Serbia - one of their key war aims. It will establish an uninterrupted link between their territory in eastern Bosnia and Serbia proper. They will now be negotiating from strength and will control the strategic heights outside the town.

UN troops from Britain, France, Ukraine and Egypt were last night on stand-by to enter the town.

Earlier, the Bosnian Serb forces released 19 UN personnel from Canada, who had been detained for three days in retribution for Nato air strikes. However, about 150 UN personnel were still being held behind Serbian lines in Bosnia.

During his 24-hour visit to Belgrade, Mr Andrei Korynev, Russia's foreign minister, after meeting President Slobodan Milosevic of Serbia on Saturday, said he had secured a "promise" that all UN personnel would be freed.



Toruhiro Hashi set to become Japan's next prime minister. Page 12

## Britain backs UN warning on troops pull-out

By David Owen in London

Britain would be prepared to back moves to pull United Nations troops out of Bosnia, Mr Malcolm Rifkind, UK defence secretary, indicated yesterday, as ministers came under cross-party fire over their handling of the crisis.

Mr Rifkind said the UN was right to warn that it would have to pull out of the region completely if it became impossible to fulfil its peacekeeping mandate.

In a BBC Radio interview, he dismissed the "facile suggestion" of armchair commentators that the war-torn factions in Bosnia could be bombed into submission by Nato air strikes.

His comments came as the opposition Labour party accused Nato's political leaders of "indecision and vacillation" while renewing its call for an emergency meeting of the UN Security Council.

Mr Jack Cunningham, opposition spokesman on foreign

affairs, said there did not seem to be "any clear political strategy to guide military action on the ground at Gorazde". Nato and the UN "must make clear to the Bosnian Serbs that if the ceasefire does not endure, then air strikes will result".

The government also came under attack from its own supporters. Mr Terry Dicks, Conservative MP for Hayes and Uxbridge, said he was "appalled" Britain was still thinking about putting in more troops. Calling

for British troops to be withdrawn "straight away", Mr Dicks said: "Yet another British soldier has been killed. We should not be there. We have no business there."

But another Conservative - Mr Patrick Cormack, MP for Staffordshire South - said such a pull-out would be a contemptible

abdication of responsibility.

Ministers are likely to face fresh criticism in the House of Commons today if a Labour demand for Mr Douglas Hurd, foreign secretary, to make an immediate statement to MPs is accepted.

Downing Street said last night that Mr John Major, the prime

minister, was being kept informed of developments while in his Huntingdon constituency. Mr Rifkind criticised countries which had not so far honoured pledges to send more troops to Bosnia, saying Britain had taken the lead in requests for troops. Of 1,300 provided in the last two weeks, 900 had been British.

## Economists warn as China heads for growth of 11.5%

By Tony Walker in Beijing

China is heading for 11.5 per cent economic growth this year, compared with a government target of 9 per cent, according to a leading Chinese research institution, which warns the authorities they have yet to get a grip on inflation.

In another sign of official concern at the overheating of the economy, the People's Bank of China, the central bank, has introduced a moratorium on investment funds, which it fears are contributing to speculation and draining savings needed to finance government bond issues.

China's Academy of Social Sciences believes the booming economy, which grew 13 per cent last year, will begin to slow, but it says the government has been too optimistic in its forecasts for a slowdown.

Economists at the academy, regarded as the leading Chinese "think-tank" on the economy, expressed concern about the continuing surge in inflation. Cost-of-living increases in urban centres are more than 25 per cent

up on the same period last year. The Chinese government is engaged in the delicate task of reigning in its runaway economy, while avoiding the kind of abrupt dislocation that contributed to the social unrest of the late 1980s.

The authorities have been seeking to puncture a boom in capital spending which has been one of the chief causes of inflation. Growth in fixed-asset investment is forecast to slow this year to 12 per cent compared with last year's 50 per cent surge.

The credit squeeze appears to be taking its toll on the state sector, according to figures released by the State Statistical Bureau, which showed that output by state firms, half of them in the red, grew by just 2.2 per cent in the first quarter.

That compared with output growth of 32.1 per cent for collectives, including township enterprises, and 79.1 per cent for other sectors such as joint ventures.

Meanwhile the People's Bank declared the moratorium on new

## UBS held suspected Colombian drug money

By Ian Rodger in Zurich

Leading Swiss bankers' pride in the care they take to avoid handling dirty money has been bruised by revelations that Union Bank of Switzerland has been holding \$150m in Zurich for an alleged Colombian drug dealer for several years.

Though it is by far the largest amount of drug money uncovered in a Swiss bank, the account is not the first of its kind. In 1989 a parliamentary commission accused the public prosecutor of laxity in pursuing narcotics investigations, and a book with the title, *La Suisse Lave Plus Blanc* (Switzerland Washes Whiter), became a best-seller.

But this latest case is a surprise in the light of the efforts made by Swiss authorities in the last few years to outlaw money-laundering and force banks to stop dealing with criminals.

The controversy began when Mrs Sheila Miriam Arana de Nasser, who held the account,

# OMEGA

THE LINK BETWEEN THE PAST AND THE FUTURE



Omega Seamaster Professional. Self-winding chronometer in stainless steel, water-resistant to 300 m/1000 ft. Swiss made since 1848.

OMEGA  
The sign of excellence







FT writers profile two key politicians in Japan's search for a new premier

WORLD NEWS DIGEST

## EBRD credit to rocket group

The European Bank for Reconstruction (EBRD), designed to help finance eastern Europe's post-cold war transition to a market economy, yesterday signed a \$10.3m credit line for a privatised Russian company which used to make inter-continental missiles aimed at western targets. Mr Jacques de Larosière, president of the slimmed-down and re-focused bank, and Mr Victor Chernomyrdin, the Russian prime minister, began the bank's annual meeting yesterday with the formal signature in St Petersburg of a deal which backs the first use of a Russian Proton rocket as the launcher for a western communications satellite.

Mr Ron Freeman, the bank's first vice-president, hailed the deal as the bank's first venture into the conversion of the military aerospace industry. Apart from agreeing the standby facility for Krasnaya, the Russian aerospace company, the bank also helped to secure a waiver of former Soviet restrictions needed to import the \$36m high-tech Imarsat satellite into Russia for launching in 1995 and in obtaining insurance through Lloyd's in London, he added. Saab/Scania of Sweden is adapting the satellite for launch at a cost of \$10m. The EBRD has committed over \$500m to projects in Russia and disbursed over \$100m. Anthony Robinson, St Petersburg

## Moscow delays taxes

The increased tariffs on a wide range of imported goods originally imposed by the Russian government from March 15 have been delayed until July 1, according to a government statement. The decision followed what the Kommersant Daily newspaper called at the weekend "a wave of protests from the cities" over the prospective price rises on imported goods, which in some large centres make up 25 per cent of the shopping basket. It also follows strong protests from foreign states, led by the US. Mr Ron Brown, US commerce secretary, raised the issue last month with Mr Victor Chernomyrdin and received a pledge that the tariffs would be re-examined. John Lloyd, Moscow

## Balladur losing out to Chirac

Mr Edouard Balladur, the centre-right French prime minister, failed to halt the decline in his popularity in the latest opinion polls, and is now losing ground against Mr Jacques Chirac, the Paris mayor, as the favourite contender in next spring's presidential elections. The prime minister's approval rating fell by two points in the past month to 43 per cent, according to the authoritative IFOP poll published in yesterday's Journal du Dimanche newspaper.

This decline marks a stark contrast to his stellar performance last year. Perceptions of Mr Balladur have been clouded by a series of humiliating setbacks culminating in this spring's virtual abandonment of plans for a new minimum wage after violent protests by young people and students. He has also been dogged by his government's failure to halt the rise in unemployment. Alke Rosethorn, Paris

## Irish rail strike called off

A threatened national rail strike in Ireland, due to have begun at the weekend, was called off at the 11th hour after management and unions agreed to arbitration by the country's Labour Court. The dispute is over changes to work practices and the introduction of new technology on Ireland's antiquated rail network. Forty staff had been suspended for refusing to participate in training courses on the new technology, but following Friday's agreement, they have now been reinstated and the management has decided to postpone for one month the introduction of a productivity package pending the Labour Court ruling. Irish Rail loses around £120m a year and is estimated to require some £500m in new investment to modernise its rail network, rolling stock and signalling and ticketing systems. Tim Coone, Dublin

## Mexico trade deficit up sharply

Mexico's trade deficit deteriorated sharply to \$1.53bn in February, an increase of 24 per cent over the same period last year. The unexpectedly high deficit may put additional pressure on the peso, which is already trading at the limit against the dollar allowed by the central bank. The February deficit was pushed up by a 19 per cent increase in imports, which reached \$8.02bn in February. Exports rose to \$4.49bn, a 17 per cent increase. Manufacturing exports jumped by 26 per cent. The government sought to blame the growth in imports on buoyant exports in its latest explanation of why the trade deficit is a healthy phenomenon. The government said some 40 per cent of the imports in February will be used to make goods that will soon be exported. Damian Fraser, Mexico City

## Zapatistas ready for talks

Mexico's Zapatista rebels are willing to restart stalled peace talks with the government, according to Bishop Samuel Ruiz, the mediator in the negotiations. The talks have been stalled since March 2, when the government laid out its formal response to rebel demands. On March 24 the Zapatistas suspended consultations with their supporters on the government offer after the assassination of presidential candidate Luis Donaldo Colosio. Since then the state of Chiapas has become increasingly tense, as landlords and poor farmers have fought over land and political power. Bishop Ruiz said the Zapatistas had asked him to explore ways of restarting the dialogue. Damian Fraser, Mexico City

## Turkish troops kill 57 Kurds

Turkish army commandos, supported by aircraft and helicopter gunships, killed 57 rebel Kurds in five days of military operations in northern Iraq, the Anatolian news agency reported yesterday. Quoting military officials, the agency said troops killed the guerrillas of the separatist Kurdistan Workers party (PKK) in the mountainous terrain in the Sivi and Mezidiyakeri regions. The operations, involving about 40,000 troops, are part of a Turkish spring offensive against the rebels in south-east Turkey and northern Iraq. Military officials said Turkish troops would remain in northern Iraq until the end of summer. The PKK has benefited from the political vacuum in northern Iraq to carry out raids into Turkey from mountain hideouts in the region. Turkey has responded by frequently bombing PKK camps. Reuter, Istanbul

By Michio Nakamoto in Tokyo

Policy has largely been neglected in the power struggle that has paralysed Japanese politics. But policy differences are at the heart of the rift that has threatened the fragile coalition government.

Mr Masayoshi Takemura, chief cabinet secretary and leader of the New Harbinger party, or Sakigake, is a central figure in the unfolding drama. With his uncompromising rejection of Mr Ichiro Ozawa, co-leader of the Japan Renewal party and the figure behind many of the coalition's accomplishments. Both Mr Takemura, a member of the left-leaning faction of the coalition, and Mr Ozawa, a right-winger, broke away from the Liberal Democratic party last year, but they have serious policy and personal differences.

On the surface, the crack has seemed to stem from personal enmity. Mr Takemura's idealism and low-key style have been seen as the antithesis of the cold pragmatism and abrasive manner of Mr Ozawa.

As chief cabinet secretary, Mr Takemura has been embarrassed by moves within the



Takemura: an idealist being out-manoeuvred

coalition to undermine him which, it is widely believed, were initiated by Mr Ozawa. The former prime minister, Mr Morihiro Hosokawa, had been close to Mr Takemura when the coalition was formed last year but appeared unable or unwilling to protect him.

While Mr Takemura frequently stresses the importance of transparent government, Mr Ozawa's forte is

cutting deals in smoke-filled rooms. On several occasions, Mr Takemura has criticised Mr Ozawa's tactics as opaque and undemocratic.

Mr Takemura persistently refused to enter discussions last week after indications that the coalition would be dominated by Mr Ozawa's JRP. This personal dispute made it impossible to paper over differences the two have in policy direction and highlighted the fragility of a coalition formed more for political convenience than out of shared interests.

While Mr Ozawa favours a more active role in maintaining international security, Mr Takemura believes Japan should stick to its pacifist constitution and reject decisions that could lead to military expansion.

He spent a year in his youth at a Zen temple and urges Japanese to focus on the quality of their lives rather than the quantity of goods in their lives.

But with Mr Takemura having staked his role in the coalition government on a showdown with Mr Ozawa, it looks as though his idealistic views were no match for Mr Ozawa's manoeuvrings.

By Emiko Terazono in Tokyo

Mr Ichiro Ozawa could not be called one of Japan's more folksy politicians. But on a morning variety show, Mr Ozawa tried to reach out to an audience of middle-aged housewives, revealing that he loves showbiz gossip, takes care of buggies in his spare time and, although like any husband he has lied to his wife a few times, as a politician he has always told the truth.

His congenial manner and wide smiles, however, have failed to convince residents of Nagatacho, Tokyo's political district, who have been watching Mr Ozawa and his backroom manoeuvrings over the creation of the next government. To them he is no ordinary Japanese husband, but the shadow shogun - the backroom fixer of Japanese politics.

Mr Ozawa had initially considered cutting off the coalition's left, and filling the gap by teaming up with Mr Michio Watanabe, a Liberal Democratic party elder and a former foreign minister. Mr Watanabe is close to Mr Ozawa in his beliefs, asserting that Japan should take on a more active



Ozawa: realises that political power lies in numbers

role in international affairs. However, the situation has boiled down to a battle for numbers. Once it became apparent that Mr Watanabe could not bring enough followers from the LDP, and Mr Masayoshi Takemura of the NRP was trying to join the coalition's left with LDP liberals, Mr Ozawa quickly changed his course.

Although a self-proclaimed reformer of Japanese politics, Mr Ozawa has had to resort to tactics nurtured under Mr Kakuei Tanaka, Mr Noboru Takeuchi, and Mr Shin Kanemaru, the former powerbrokers of the LDP. "Mr Ozawa knows too well that political power only lies in numbers," says Mr Takao Tashikawa, editor of Tokyo InsideLine.

But during the TV appearance in front of housewives, Mr Ozawa denied wanting to become prime minister. As much as he would like to stand at the helm, Mr Ozawa realises he must remain the shadow shogun. He knows that, once he steps into political limelight, his days of power and "money" politics alongside Mr Takeshita and Mr Kanemaru will come back to haunt him.

## Bangladesh to be urged to spend more pledged aid

By Stefan Wagstyl in Dhaka

Bangladesh is this week expected to secure about \$2.1bn in pledges of foreign aid from its donors at its annual aid consortium meeting in Paris.

The funds, in loans and grants for the year starting in July 1994, will help pay for food and the development of infrastructure and social services in Bangladesh, one of the world's poorest countries. The promised funds will be about the same as in the past two years.

However, officials from donor governments and organisations led by the World Bank are likely to press Bangladesh to use more of the aid it is pledged. The Bangladeshi government has consistently failed to absorb all the promised aid and has allowed a backlog of some \$5.5bn in unspent pledges to accumulate.

Aid disbursement has been held up mainly because government officials have been unable to implement rapidly the construction and other projects to which much aid is dedicated. Despite efforts to accelerate public investment, there will be little progress in this regard in 1993-94. The government's annual development programme budget has already been cut from Tk97.5bn to Tk85bn (\$2.16bn) because of delays.

Mrs Khaleda Zia, the prime minister, said in an interview that she was trying to accel-

erate public investment. "Steps are under way to remove procedural bottlenecks and speed up both public investment and aid utilisation."

The World Bank sees the lack of public investment as a drag on economic growth. In the year to the end of June 1994, bank officials expect to see GDP growth to be a modest 5 per cent or less. The country is unlikely to improve rapidly the lot of its poor unless it achieves growth of 6-7 per cent, say bank officials.

This growth rate can be reached, they add, only if investment rises from last year's level of 13 per cent of economic output to 18-20 per cent.

Government officials accept this argument and are trying to raise the ratio to 14.5 per cent this year and 15.5 per cent in 1994-95 by increasing public investment. The public works programme should get a boost from the start of construction on a \$700m bridge across the Jamuna river in central Bangladesh - the country's largest investment scheme.

To stimulate private investment, the government is extending the liberalisation of foreign trade and investment it has carried out since taking power in 1990. Last year the taka was made fully convertible on the current account. Exports, led by garments, are forecast to grow by nearly 20 per cent this year and next, extending recent rapid rises.

## China holds three for boat deaths

Under intense pressure to explain how 24 Taiwanese died in a boat fire, China announced yesterday the arrest of three men suspected of robbing and murdering the tourists, AP reports from Beijing.

China's failure to explain the mysterious boat fire that killed 23 people - eight mainland Chinese and the Taiwanese tourists - on a lake in eastern China on March 31 has

been threatening the growing debate between the two sides. Taiwan announced plans last week to ban travel to China and to suspend cultural exchanges unless Beijing gave a satisfactory explanation.

After first describing the fire as an accident China said on its national television news that the Taiwanese had been robbed and murdered on Thousand Island Lake by three young men.

# THE MOST PORTABLE PHONE.

NOKIA 2110

It fits your hand like a glove, and slips into a shirt pocket with ease. It's as light as your wallet, and is designed to connect you to the world by laptop, PC or fax\*. Charge it up at the office, in your car, or hotel. And keep in touch on business across Europe. The Nokia 2110. It's the most portable portable phone.

NOKIA  
CONNECTING PEOPLE

For more details on the Nokia 2110 call 0800 101 121 today.  
\*Subject to network availability



**THE distance-learning MBA for FINANCIAL MANAGERS**

combines the teaching strengths and management training expertise of the Manchester Business School and the School of Accounting, Banking and Economics at the University of Wales, Bangor. This highly successful distance-learning MBA is specially designed for finance sector professionals in Accountancy, Banking, Insurance, Building Societies and Financial Administration. The Programme:

- Is flexible - portable - modular
- Tuition fee includes textbooks and study material
- Has high levels of student support and staff contact
- Includes specialist option courses

**International Taxation**

The survey will review the taxation system worldwide and examine the challenges it will face in 1994 and the implications for the international business community. The survey will reach an estimated international readership of 1 million.

For an editorial synopsis and information on advertising opportunities please contact MELANIE MILES on Tel 071 873 3305 Fax 071 873 3064

**FT Surveys**



## NEWS: INTERNATIONAL

## Stronger global economic expansion forecast in 1995

## IMF predicts 3% growth

By George Graham  
in Washington

The International Monetary Fund is forecasting world economic growth of around 3 per cent this year, with a stronger recovery to between 3½ and 4 per cent growth in 1995.

In its world economic outlook, due to be published on Wednesday just before the twice-yearly meeting of finance ministers on the IMF's interim committee, the IMF predicts that global growth this year will approach the average level it achieved in 1976-85, before moving above the average next year.

Growth in the developing countries is expected to remain "remarkably steady", according to a senior IMF official, while in the industrialised world only the US, Canada, the UK and the Nordic countries have pulled out of recession.

"We are still below average in the industrialised countries, because we still have only one or two engines working, while the others are struggling," a senior IMF official said.

IMF economists believe that the Japanese economy has bottomed out, and that with normal output in continental Europe the world economy should produce growth well

above its historic trends next year.

"Globally speaking, the economy is well into the growth phase of its cycle," an official said.

The IMF believes the big industrialised countries have followed many of the prescriptions it laid out at last year's spring interim committee meeting: completion of the Uruguay Round of trade negotiations, efforts to tackle the budget deficit in the US, lower interest rates in Europe and an attempt at fiscal stimulus in Japan.

Nevertheless, they warn that the current recovery carries an

extremely negative overtone, because it has not been accompanied, particularly in Europe, by any appreciable recovery in employment.

"The risk is that the level of structural unemployment establishes itself somewhere above where it was at the end of the last recession," a senior official said.

This unemployment problem was tackled by ministers from the Group of Seven leading industrialised countries in Detroit last month, and is expected to be on the agenda for the full G7 summit of presidents and prime ministers in Naples in July.

## Support for SDR issue sought

By George Graham

The International Monetary Fund is looking for new ways to make its idea of expanding global foreign exchange reserves more palatable to the industrialised countries by spreading the expansion out over five years.

IMF managers are expected next week to ask finance ministers from member countries, as they have at each of their twice-yearly formal meetings for the last three years, to think again about a new issue of special drawing rights, the basket of currencies that the Fund uses as its own accounting instrument and which also functions as an international reserve asset.

Mr Michel Camdessus, the IMF's managing director, has repeatedly called for a new allocation of SDRs (\$50.4bn) to member countries, arguing

that many countries - especially those in eastern Europe and the former Soviet Union who have joined the IMF since it last issued new SDRs in 1981 - are desperately short of currency reserves.

These new members have no SDRs in their reserves, but older members have been reluctant to pass on any of their own SDRs. The IMF's statutes forbid a restricted issue of SDRs to only some members.

In the face of continued hostility to the issue from Germany, the US and the UK, which fear the injection of new reserve assets could fuel inflation around the world, IMF officials have drawn up a scheme to allocate only SDR16bn at the outset, adding SDR6bn more each year until international reserves have reached the desired level.

"It would be a distinct mis-

take for the world not to avail itself of an SDR allocation at this moment. There is a huge number of countries with insufficient reserve assets, and a huge number of countries whose import capacity is constrained by lack of reserves," a senior IMF official said.

Progress going at 'a respectably slow pace'

Officials have been dismayed at the difficulty of extracting money from the industrialised countries to finance development through instruments such as its enhanced structural adjustment facility (Esaf), which lends money at very low interest rates to the poorest countries.

They argue that an SDR allocation would help to finance

development ends by monetary means, rather than drawing on scarce budgetary resources and requiring long parliamentary debate in donor countries.

Parliamentary debate would, however, be necessary in many countries for a further plan for industrialised countries to give back their share of an eventual SDR allocation to the IMF, to help finance the developing countries and the transitional economies of eastern Europe and the former Soviet Union.

The IMF has suggested a mechanism of co-financing trust accounts, under which richer countries would voluntarily put up their resources to complement the IMF's own financing.

IMF officials acknowledge that the idea of an SDR allocation is unlikely to come to fruition any time soon, but insist that it is making progress "at a respectably slow pace".

## Brazil completes deal to restructure \$49bn debt

By Angus Foster in São Paulo

Brazil has completed the restructuring of about \$49bn of commercial debt, in the last of the main Latin American Brady-style debt restructurings. The deal, agreed late on Friday night in New York, brings to an end more than a decade of uncertainty over Brazil's relations with the international financial community.

Mr Rubens Ricuperoni, who took over as finance minister earlier this month, described the deal's conclusion as "an important milestone" in the country's "continuing programme of economic reform".

But with presidential elections this year, and an unstable economy, there is unlikely to be a rush of confidence and foreign investment into the country, as happened in

Mexico and Argentina after they completed similar restructurings.

The Brazilian deal was also concluded without the agreement of the Dert family of the US, who hold about \$1.4bn of debt and are the largest non-bank creditors. The Derts opposed the terms of the restructuring and may take legal action to try to reverse the deal.

Brazil and about 750 private creditor banks completed the elaborate debt restructuring after nearly four years of negotiations to exchange the country's old debt for new and reduce its total debt burden. The deal offered creditors a choice of six options to repack loans and interest overdue into new bonds with maturities of up to 30 years. Brazil's central bank estimated the deal

would reduce its debt by \$4bn and bring \$4bn more savings in debt servicing costs.

The Brazilian deal differed from other "Brady-style" restructurings - so called after the 1986 initiative from former US Treasury secretary Nicholas Brady - since it was the first main deal to be concluded without a standby accord from the International Monetary Fund. The IMF was concerned that Brazil's economic reform efforts are still uncertain.

Without IMF backing, Brazil used \$4.6bn of its own foreign exchange reserves as collateral for some of the six options. The first instalment of the collateral, equal to \$2.6bn in the form of US Treasury zero coupon bonds, was delivered on Friday to the Bank of International Settlements, collateral agent.

## Intimidation found ahead of Malawi election

By Nick Young in Lilongwe

Serious anomalies in the run-up to Malawi's elections on May 17 are noted in a report published today by a UN Joint International Observer Group, reinforcing earlier findings of the national Electoral Commission.

Both bodies report intimidation, violence, bribery and theft or confiscation of voters' registration cards. The ruling Malawi Congress party emerges as the main culprit, but some opposition parties are also said to be engaged in turf wars and violent disruption of opponents' rallies.

The UN report suggests that government ministers have used the civil service apparatus for campaigning purposes, and note that one MP registered himself and his family at two separate centres.

Concern is also expressed about police Inspector General MacWilliam Lungu's assertion that policemen are not allowed to engage in politics, and therefore may not vote. The UN observers see this as a contravention of the electoral law and the Electoral Commission is threatening to prosecute him.

The Electoral Commission estimates that 80 per cent of those eligible to register have done so. This figure is described as "respectable" by the UN group, which does not consider the abuses it has found to be an insuperable barrier to free elections.

The punishment is no schoolyard caning. It is administered by a specially trained officer with considerable force. The prisoner is strapped to a table. "The skin at the point of contact is usually split open and, after three strokes, the buttocks will be covered in blood," said one official account. The canings usually leave permanent scars. The Singapore authorities say a doctor is always in attendance. Next week Singapore's Presi-

## Israel eases Palestinian bar

By Julian O'Connell in Jerusalem

Israel yesterday slightly eased an 11-day-old ban barring the nearly 2m Palestinians from entering into Israel but said closure of the occupied territories would continue indefinitely.

Mr Amnon Rubinstein, education minister, said the cabinet had agreed yesterday to grant 16,000 entry permits to Palestinians for humanitarian reasons and 4,000 work permits for Palestinians employed in Israel's agricultural sector.

The government approved Shk20m (\$10m) for public works and aid to assist Palestinians suffering from inability to travel to their jobs in Israel since the entry ban was imposed by the Jewish state to try to prevent attacks by Palestinian extremists.

The cabinet also issued a strong warning to the Palestine Liberation Organisation after hearing security reports which alleged the PLO had local co-operation agreements with the Hamas Islamic Resistance Movement, responsible for two recent suicide attacks on Israelis. The warning to the PLO came after Mr Yitzhak Rabin, the prime minister, lashed out at Jordan last week for allowing Hamas to operate offices and issue media statements in Amman and called on the government to close down Hamas offices.

King Hussein on Saturday said Hamas was illegal in Jordan and denied his government helped the Islamic guerrilla group. Hamas responded saying it would strike Israeli and Jewish targets worldwide if Israel attacked its leaders or political and media offices abroad. Hamas's military wing said it would consider such



Chief Israeli negotiator Gen Amnon Shahak arrives at a Cairo hotel yesterday for negotiations with the PLO.

attacks "a start of a new war in which Israeli blood and interests and Jewish communities around the world are open

attacks on Israeli civilians if Israel halted assaults against Palestinian civilians.

Israeli concern about Hamas rose as the PLO and Israel resumed peace talks in Cairo on a long-delayed agreement providing for Palestinian self-rule in the occupied West Bank town of Jericho. Major General Amnon Shahak, head of the Israeli delegation, said: "I do not expect we will finish this week, but let us see what happens next week."

Israel and the PLO have several issues left to finalise including the security-zoning arrangements in the Gaza Strip, the jurisdiction of Palestinian courts in Gaza and Jericho - especially their power to prosecute Israelis - the fate of Islamic extremist prisoners held by Israel, and water issues.

On the economic track of talks in Paris, both the PLO and Israel say they could complete an agreement by the end of this week to establish the economic relations between Israel and the self-governing Palestinian economy. Both sides have already reached final agreement on energy, industry and agriculture and have a conditional understanding on taxation subject to agreement on the rate of value added tax to be levied in the Palestinian economy. The two sides have yet to agree on labour relations, particularly on the size of the Palestinian migrant work force that will be allowed to fill jobs in Israel, and Palestinian demands for their own currency.

Meanwhile, Israel yesterday attended multilateral Middle East talks on water issues in Muscat, Oman. The talks are the first official visit by an Israeli delegation to the Gulf.

## View from Judea and Samaria

By Julian O'Connell

No Israeli newspaper can fuel public fears quite like the *Jerusalem Post*, the English-language daily broadsheet which acts as a mouthpiece for the country's right and ultra-right wing.

The events of the past 10 days - three attacks by extremist Islamic guerrillas which left 13 Israelis dead - have given the *Post* the opportunity to indulge in the sport of trumpeting the Palestine Liberation Organisation, the Israeli-Palestinian peace process and the government of Prime Minister Yitzhak Rabin.

"Like the dictatorial regimes which support them, the terrorists believe that negotiations should be accompanied by shooting," the *Post* said last week.

"Those who say, as the government has done, that the right response to terrorism is to accelerate the negotiations and withdrawal process... are doing precisely what the terrorists want them to do."

Editorials like this led the *Post's* owner, Mr Conrad Black, to publish a centre-page opinion piece last September making it clear that he disagreed with his newspaper's editorial policy.

The *Post* has its own political language - all Arab guerrillas are "terrorists"; the Israeli-occupied West Bank is known by the biblical name "Judea and Samaria"; the territories are "administered", not "occupied".

It also gives regular platforms to right-wing politicians such as Mr Ariel Sharon, Israel's leading hawk. In an opinion article last week Mr Sharon described the incoming Palestinian police force as

"murderers" and said the government was "perpetrating an immense security crime against Jews in the State of Israel" by allowing the policemen into the territories.

Another favourite pastime of the *Post* is trumpeting foreign correspondents reporting Israel in a weekly column called "Eye of the Media" usually written by Mr David Bar-Ilan, the newspaper's executive editor. The column takes the view

papers, including two business tabloids, for a population of 5m. With the exception of the religious *Hatzofeh* newspaper, Israel's Hebrew press is centrist to left-wing. They support the peace process as the only realistic option.

"It is hard to understand why the opposition wants the government to suspend the talks after every attack," the newspaper's liberal *Ha'aretz* newspaper said last Friday.

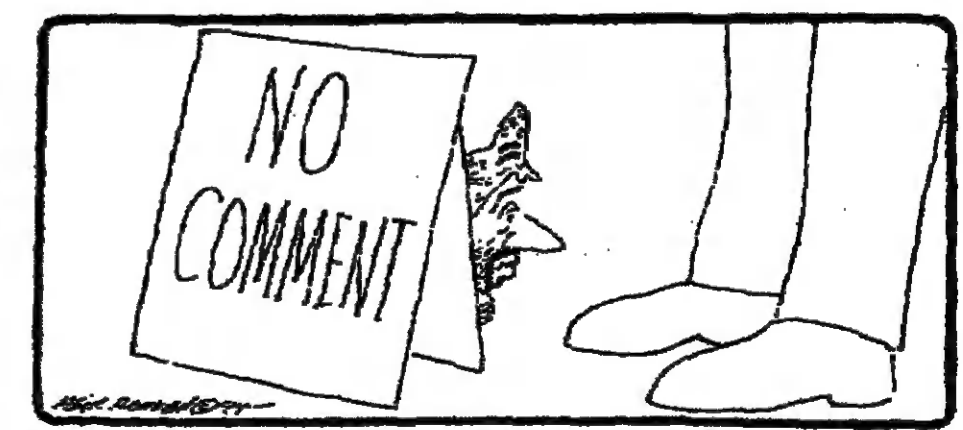
although they reflect the concerns in the occupied territories about what is seen as Mr Arafat's lack of democracy.

After the second suicide attack by an Islamic extremist last week both *Al-Quds* and *An-Nahar* took similar editorial lines avoiding condemnation of the Palestinian attacks, while stressing that violence occurs against both Arab and Jew and can only be solved by swift implementation of the peace process.

"Crying and condemning is not the answer," said *An-Nahar*. "The answer is Israeli withdrawal from the West Bank and Gaza Strip. The Palestinians have sacrificed much blood and have made many concessions to regain their rights but Israel continues to get around international law."

In a series of editorials last week *Al-Quds* compared the closure to a "siege" which had caused a near collapse in the education and health services of Arab East Jerusalem.

"Someone should stop Israel from imposing these wanton measures that only complicate and intensify the situation, making peace more difficult," the paper said.



"Stature" - title of Meir Ronnen cartoon in the *Post* on Arafat's refusal to condemn guerrilla attack

## Cane opens up east-west divisions

Kieran Cooke on the international row over a Singapore vandalism sentence

There may be some people in the US still unsure where Singapore is on the map, but probably considerably fewer than six weeks ago.

In early March Michael Fay, an 18-year-old US citizen, was sentenced by a Singapore court to six strokes of the rotan - a heavy bamboo cane - and four months in jail and fined \$3,500 (\$2,200) for spray-painting cars and other vandalism offences.

The punishment is no schoolyard caning. It is administered by a specially trained officer with considerable force. The prisoner is strapped to a table. "The skin at the point of contact is usually split open and, after three strokes, the buttocks will be covered in blood," said one official account. The canings usually leave permanent scars. The Singapore authorities say a doctor is always in attendance. Next week Singapore's Presi-

dent Ong Teng Cheong is due to decide whether to grant clemency to Fay. Despite personal appeals for mercy from President Bill Clinton, most people in Singapore say the teenager has little chance of clemency - before the end of the month he will be receiving his punishment.

Singapore's leaders, with support from many other Asian governments, are mounting an increasingly strident campaign against what they consider to be the decadence of the west and the importance of what they call Asian values. In Singapore the Fay case - and the west's reaction to it - is seen as symptomatic of the clash between two very different value systems.

From the outset Singapore has made its position clear. "We do not have a situation where acts of vandalism are commonplace as in cities like New York, where even police cars are not spared the acts of

vandals," said the Singapore Home Affairs Ministry.

In the Singapore catechism of Asian values, the west stands accused of putting too much emphasis on individual rights and not enough on society's. Elder statesman Mr Lee Kuan Yew has said that without its tough criminal laws Singapore would have descended into the "chaos" found on the streets of the US. "If you like it that way, that is your problem," said Mr Lee. "But that is not the path we choose. They always talk about human rights. I think it is just a convenient slogan."

The White House, Congress and much of the US media have been strongly critical of Singapore. But a large section of the US public, tired of violence and a justice system which they feel often favours the culprit more than the victim, is giving its support to Mr Lee.

Singapore has no hesitation about attacking the US. Foreign ministry officials list what they consider to be the failures of US foreign policy, and are particularly forthright about what they judge to be Washington's mistakes on China.

Yet Singapore is dependent on the US for much of its continuing economic growth. US companies are the biggest investors there, with cumulative investments of nearly \$19bn, according to official US figures. The US is Singapore's biggest export market. The island republic is also an ardent supporter of continued US military presence in Asia.

Initially US business in Singapore reacted strongly to the Fay sentence. The local American Chamber of Commerce said it could not understand how the government could condone the permanent scarring of any 18-year-old: the case could "cast a cloud over Singapore's international reputation".

But some US residents of Singapore have supported the caning, while US multinational companies continue to invest.

Fay's family - his stepfather is the Singapore-based regional executive of Federal Express - and his defenders in the US have argued that because of all the publicity surrounding the case, the teenager has not been treated fairly. They say he is the first person to be sentenced for causing vandalism of private property. He is also the first youth to be given a caning for damaging cars.

The authorities say the law makes no distinction between public and private property, nor the type of property involved.

Singapore's leaders are adamant that it will allow no outside interference in its internal affairs. Nor do they show any sign of altering a system of punishment which has been done away with in many parts of the world.

# INVITATION FOR THE DECLARATION OF INTEREST FOR THE PURCHASE OF THE ASSETS OF "ALTIS TOURISTIKO AND EMPORIKO KENTRO A.E." ("ALTIS TOURISM AND TRADE CENTRE S.A.")

The societe anonyme under the title "ASTIKA AKINITA A.E." (43 Panepistimiou Street, Athens 105 64) with the capacity of special liquidator of the societe anonyme under the title "ALTIS TOURISTIKO AND EMPORIKO KENTRO A.E." with head offices in Ancient Olympia, by virtue of the provision of article 46a, Law 1892/1990 which was added to the provision of article 14, Law 2000/1991 and Resolution No. 357/1994 of the Patras Court of Appeal.

INVITES all interested parties to declare their interest for the purchase of the total assets of "ALTIS TOURISTIKO AND EMPORIKO KENTRO A.E." which was founded on 18.10.1983 with the object of exploiting tourism and commercial centres in Ancient Olympia and other Greek cities, by submitting within a term of twenty (20) days from the publication of the present a non-binding declaration of interest in writing.

The assets of the enterprise under liquidation include a fully equipped hotel unit situated in Ancient Olympia, Prefecture of Ila Western

Peloponnese, on the Regional Road Pyrgos-Tripoli on the edge of the city and near the ancient site, opposite the OTE building and the Town Hall. Its title is "ALTIS".

The hotel unit is a B class hotel with a capacity of 61 rooms (55 doubles - 6 singles) 116 beds and 3 shops.

The hotel unit has been built on a site with a total area of 1,818.85 sq.m., occupies the entire block (OT32) and is comprised of a basement (1,160.26 sq.m.), a ground floor (1,145.28 sq.m.), a first storey (1,116.72 sq.m.), a second storey (956.88 sq.m.) and a top storey (37.70 sq.m.) and includes electro-mechanical facilities for the functional requirements of the tourism unit and its security (air-conditioning, fire protection, kitchen facilities, confectionery shop, restaurant, telephone centre, etc).

Any interested parties wishing to declare their interest, and obtain a detailed offer memorandum or additional information, are requested to apply to Mr Georgios E. Polimenidis and Mr Christos Agathopoulos, 43 Panepistimiou Street, Athens 105 64, Tel:

0211 201526



# Rail network faces spending squeeze

By Charles Batchelor,  
Transport Correspondent

A squeeze on the £1.8bn cost of maintaining Britain's railway network has been pledged by Mr Bob Horton, chairman of Railtrack, the company which this month took over management of British Rail's infrastructure.

Mr Horton, chairman of Railtrack, responsible for maintaining and renewing track, signalling and power supply equipment. "We will be negotiating with BRIS to make sure we get maintenance tenders at significantly lower costs," said Mr Horton. "By international comparison these costs leave something to be desired and we can probably drive them down."

Reducing maintenance charges forms one of the first priorities for Railtrack if it is to make the return on capital which is required by the Treasury and create a business that will attract private investors in a few years. It must earn a return of 5.6 per cent on its £2.5bn of assets rising to 8 per cent after four years.

Initially Railtrack will buy in maintenance services from the BRIS units but it hopes also to make use of outside contractors to increase competition. Ultimately the BRIS units themselves will be privatised. Some are expected to merge to form larger, more viable organisations.

The implications for the 35,500 people employed by the infrastructure units are unclear but job reductions appear likely. Mr John Edmonds, the chief executive of Railtrack, said: "I would not underestimate the working practice problems we face."

The clampdown on maintenance spending forms part of a broader programme aimed at obtaining better value for money by Railtrack. "We want to take the capital we have available and use it to get the railway into the state of maintenance it should be in," said Mr Horton. "We don't want it sloshing around going to the person who shouts the loudest."

## Britain in brief



### Union chiefs in minimum wage clash

A public argument broke out last night between senior union leaders about the future of the opposition Labour party's commitment to a statutory minimum wage. Mr Bill Morris, general secretary of the TGWU general union said that Labour should commit itself to support a statutory minimum wage of not less than £4 an hour. But Mr Bill Jordan, president of the ASBU engineering union, denounced Mr Morris's proposal to fix a precise figure on a national minimum wage as "irresponsible".

The survey calculates the income needed to maintain the standard of living of eight families. It found that the overall costs of goods and services increased by 3.7 per cent in the year to February, but private housing costs fell by 2 per cent due to lower mortgage rates and lower local taxes.

### BSkyB gives up channel stake

British Sky Broadcasting, the satellite television consortium, has decided not to exercise its option to keep a 50 per cent stake in QVC, the home-shopping channel which is part of Sky's multi-channel subscription package. The decision has been taken even though the channel appears to be doing well and is heading for revenues of at least £40m in its first year.

### Hoover customers lobby US parent

Representatives of the Hoover Holiday Pressure Group are to fly to the US for a meeting on Friday with the Maytag Corporation, Hoover's parent company, over Hoover's controversial free flights promotion. The pressure group, which says it has 2,500 members, plans to pursue High Court action against Hoover if it fails to win reassurances at the meeting.

### Pay-offs for executives fall

The size of pay-offs to redundant executives has dropped by a quarter over five years, according to a survey by Drake Beam Morin, redundancy consultants. In 1989 a typical pay-off was just over four weeks' salary for every year of service; by 1993 this had fallen to just over three weeks, the survey found.

## Slow retail sales growth as taxes curb consumers

By Philip Coggan,  
Economics Correspondent

UK retail sales grew only slowly in March, according to the latest distributive trades survey from the Confederation of British Industry. The survey will be seen as further evidence that consumers have become cautious ahead of the increases in taxation that are imposed this month.

Official retail sales figures will be published on Thursday. The consensus forecast among analysts is for a 0.3 per cent volume increase between February and March and for an annual growth rate of 2.7 per cent.

are announced on Thursday, hopes of an early interest rate cut will increase. The recently published minutes of meetings between Mr Kenneth Clarke, chancellor of the exchequer and Mr Eddie George, governor of the Bank of England, showed that the chancellor was worried about the potential impact of this month's tax increases on the recovery.

## Civil service pay overhaul

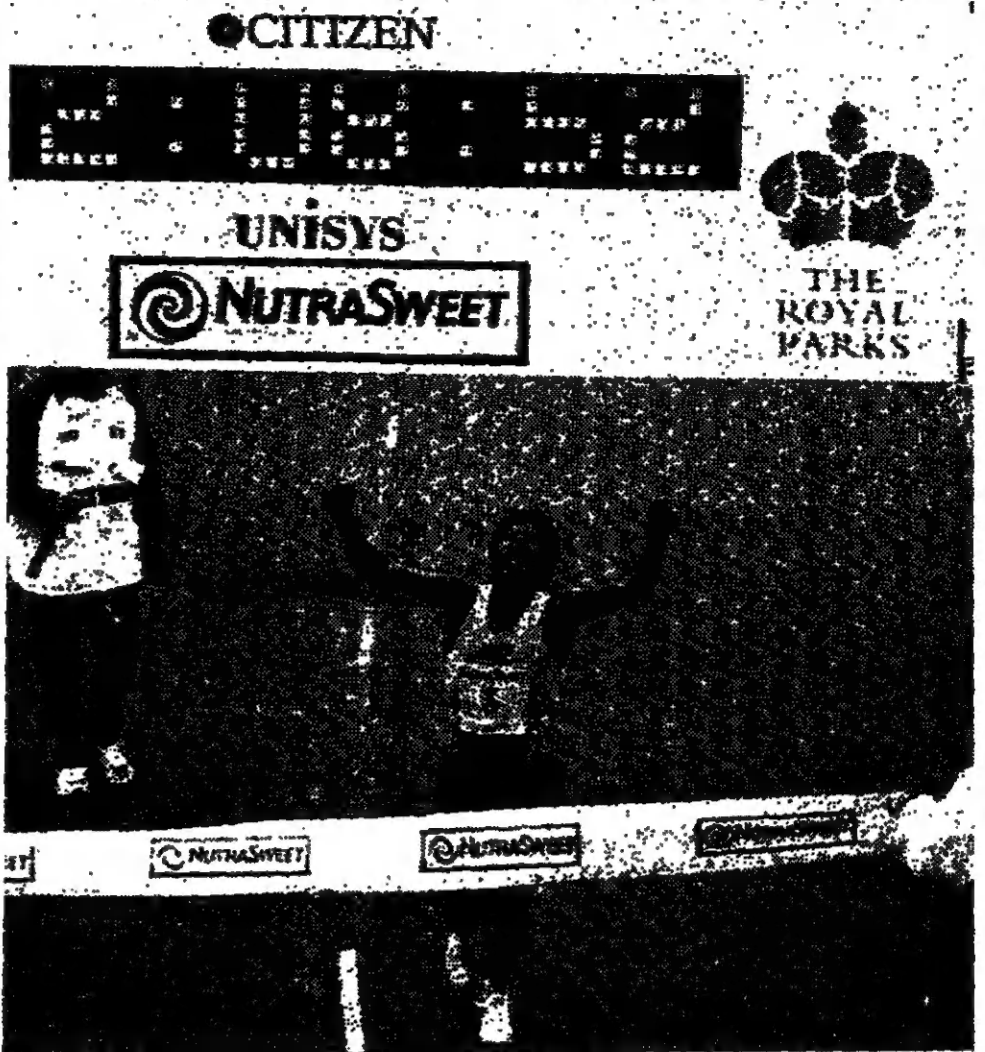
By David Goodhart,  
Labour Editor

Thousands of civil servants working in Customs and Excise will get no pay rise this year unless they reach basic performance targets. The deal is the first of what could be a series of innovative pay agreements in the civil service agencies which have taken control of pay negotiations for the first time.

The Inland Revenue already have devolved bargaining. The Customs and Excise deal, which the unions hope might set a trend, will increase the pay-bill by about 2.5 per cent. But unions claim it will increase the pay of some clerical workers by over 5 per cent.

cent to 6.5 per cent. As the pay deal covers a 14 month period the annualised pay rise will be slightly lower. The Customs and Excise agreement involves overhauling the previous complex pay grading structure and provides more flexibility and a higher performance pay element.

## SWEET LONDON MARATHON '94



More than 26,000 runners competed in London's 14th marathon yesterday which was won by Mexico's Dionicio Ceron (above) in 2 hours, 8 minutes. The race, which finished on the Mall in front of Buckingham Palace instead of its usual ending at Westminster Bridge, was the capital's coldest marathon. It was marred by the death of a competitor, expected to be from heart failure.

### More shoppers for fewer stores

Retail sales are becoming increasingly concentrated, with the 10 largest retail chains in the UK accounting for 36 per cent of all sales last year, compared with 26 per cent of sales in 1987, according to an annual shops survey. Kwik Save, a low-cost chain, is the fastest-growing of the multiples, underpinning the competition that market leaders now face from discount stores.

### Cost of living climbs 3.7%

A family of four will need to have enjoyed a 2.8 per cent increase in their income in the year to February in order to maintain their standard of living, says a survey by the Reward Group, a research and consultancy business.

# Kevlar\* Nomex\* and Tyvek\*. Protecting the protectors.

**F**irefighters, policemen, pilots and other helpers must often risk their necks to save lives. This takes a lot of courage, but it also takes the right sort of equipment to do the job professionally. Such as protective apparel made from DuPont fibers to effectively reduce the hazards involved.

Thousands of rescuers have in fact been spared severe injuries, or a worse fate, thanks to products developed by DuPont.

**NOMEX for firefighting missions**  
In fires, seconds can mean the difference between life and death. Fireman Rolf Blum was quite aware of that when rescuing a three-year old girl



Suits which offer prolonged protection push back the pain threshold

from a blazing house: he was wearing a protective uniform of light-weight, flame-resistant NOMEX III. In direct contact with flames, such suits offer prolonged protection, push back the pain threshold. Wovens of NOMEX III maintain fabric integrity under flame and heat, which is a most effective contribution to protection against burn injuries. It is for these reasons that West Midlands, one of England's biggest fire brigades, opted for NOMEX "Delta T", a product specially deve-

loped for firefighting requirements. The safety of rescue teams is increasingly valued among our Eastern neighbours, where more and more fire services are being equipped with intervention uniforms made of NOMEX. How these can save lives in mishaps was recently experienced by a Hungarian helicopter pilot. Fuel suddenly ignited right in the middle of refuelling. He found himself engulfed in an enormous ball of fire from which he escaped unharmed thanks to his workwear of NOMEX III. He was even able to extinguish the fire, thus avoiding complete loss of his aircraft.

**KEVLAR provides protection against bullet threats**  
More and more criminals think nothing of using firearms these days. Constable Udo Blaumann became painfully aware of this when he was hit in the region of the heart by a bullet fired from a pistol only six metres away. Luckily, he was wearing a ballistic vest of KEVLAR - so he survived unharmed.

Equally effective are the seamless, cut-resistant surgeon's gloves

KEVLAR is a para-aramid fiber developed by DuPont, and wovens for ballistic vests are among the products for which it is ideally suited. Some of them weigh less than two kilos so they easily fit under a uniform. To date, such vests have saved the lives of more than 1,500 policemen - now members of DuPont's KEVLAR "Survivors Club". In cooperation with industrial and research institutions, DuPont stages seminars on safety. Working together with authorities across Europe, these serve to foster further development of protective garments.



Seamless, cut-resistant surgeon's gloves may be less spectacular, but made of KEVLAR they are equally effective in protecting against accidental scalpel cuts and resultant infections when operating on, for example, HIV-infected patients.

**TYVEK wards off invisible danger**  
Safety standards are exceptionally stringent in the nuclear industry. A major problem in handling radioactive materials being that potential danger can be neither seen, felt nor smelled. Staff in high-risk areas must therefore be permanently protected by proper apparel.



Vests of KEVLAR and suits of NOMEX or TYVEK comply with highest quality standards and European norms. This is where TYVEK has long proved its outstanding advantages. Developed by DuPont, the spunbonded material

acts as a tight barrier that retains more than 97% of minute, invisible particles down to 0.6 microns. Skin contact with radioactive particles is thus precluded. Particles cannot cling to the smooth, antistatic, lint-free surface of TYVEK.

Moreover, it is tear-resistant, pleasantly supple and light-weight, and won't be affected by moisture or chemicals. To meet the exceptionally high demands needed in the field of protective apparel, DuPont has teamed up with the industry to

develop the quality assurance programmes needed for gloves and ballistic vests of KEVLAR and for suits of NOMEX or TYVEK. These comply consistently with the highest quality standards and the most recent European norms - so that our rescuers can be assured they are being protected effectively.

**Innovations by DuPont**  
NOMEX, TYVEK and KEVLAR were developed by DuPont's Engineering Fiber Systems, as were SONTARA, TEFLON, TYPAF, CORDURA, ZEMDRA and high tenacity NYLON. All of these products continue to add new benefits to all manner of applications - from household goods right through to space travel.

DuPont is one of the world's leading suppliers of engineering fibres. In Europe alone, it has invested almost \$600 Million in production facilities to better serve local market needs.

**DuPont Engineering Fiber Systems**  
P.O. Box 50  
CH-1218 Le Grand-Saconnex (Geneva)  
Tel. ++41/22/717 5111; Fax 717 5109



Part of our lives



How would you

you feel about

a personalised global

communication service

that followed

you around

the world?

☐

Will it come if I whistle?

☐

I don't like to be followed.

☐

With new *WorldPlus Communication Service*, I am elated knowing I have a companion there to help me communicate with anyone, anywhere, anytime.

Opinion 50

Inter  
Com



In the world of global communication, the best friend a business person can have is fast, trustworthy and forever loyal. Which is why we created new WorldPlus Communication Service. It is personalised access to an advanced international network from over 40 countries and locations. Simply dial an access number and your account number and get clear phone connections in a matter of seconds. As well as 24-hour customer service in your own language. And yes, WorldPlus service can perform some valuable

In short, with WorldPlus service by your side, you'll feel a little more at home in the global village.

Our monthly bills are not only itemised, they're billed in your own currency.

To get around time zones, even busy signals, we'll let you record 60-second messages and specify when and where you want them delivered.

Have your faxes sent to your WorldPlus fax mailbox number and stored until you have access to any fax machine around the world.

To save your sanity as well as time, you get double-digit codes for your most frequently dialed phone numbers.

We'll let you teleconference with two other people in two other places.

Over-the-phone interpretation is available between English and 140 languages to help you and the person you're calling understand each other.

## Introducing WorldPlus Communication Service



WorldPlus







# THE WEEK AHEAD

## UK COMPANIES

**TODAY**  
COMPANY MEETINGS:  
Record Higgs, Parkway  
Works, Kettlebridge Road,  
Sheffield, 12.00  
USDC Inv. Tst. Alban Gate,  
125, London Wall, E.C., 2.30  
BOARD MEETINGS:  
Finals:  
Britannic Assurance  
Densitron  
Johnson Fry  
Linton Park  
London & Assoc. Inv.  
Mid-States  
Morgan Crucible  
Interim:  
CentreGold  
Greston Land & Estates

**TOMORROW**  
COMPANY MEETINGS:  
Commercial Union, Chartered  
Insurance Institute, 20,  
Aldermanbury, E.C., 12.00  
Dunedin Inc. Growth Inv.  
Tst., 25, Ravelston Terrace,  
Edinburgh, 12.00  
Pacific Assets Tst., 1,  
Charlotte Square, Edinburgh,  
12.30  
Pegasus, 7, Birch Lane,  
E.C., 2.30  
BOARD MEETINGS:  
Finals:  
Bodycote Int.  
Boosey & Hawkes  
Chesfield  
Golden Vale  
Bostock Johnson

Signet  
Interim:  
Aqua Property  
St. Ives

**WEDNESDAY APRIL 20**  
COMPANY MEETINGS:  
Anglo & Overseas Tst., 23,  
Great Winchester Street, E.C.,  
11.00  
Laporte, Painters Hall, 9, Little  
Trinity Lane, E.C., 12.00  
Provident Financial, Norfolk  
Gardens Hotel, Hall Ings,  
Bradford, 12.00  
Read Int'l., Four Seasons  
Hotel, 173, Gloucester Place,  
N.W., 11.30  
BOARD MEETINGS:  
Finals:  
Bentalls  
Country Casuals  
Dancora  
English & National Inv.  
Havlock Europe  
Jacks (Wm)  
London American Growth  
Sherwood Computer  
Interim:  
Fleming Japanese Inv.

**THURSDAY APRIL 21**  
COMPANY MEETINGS:  
Fleming Fledgling Inv. Tst.,  
25, Copthall Avenue, E.C.,  
12.00  
Hall Eng., Telford Most House,  
Forgegate, Telford, 10.30  
Kalon Corp., Huddersfield  
Road, Birstall, 10.30  
Mersey Docks & Harbour,  
Mersey

Merseyside Maritime Museum,  
Albert Dock, Liverpool, 12.00  
Peck, Royal Automobile Club,  
Pall Mall, S.W., 11.00  
Rea Brothers, Aldermans  
House, Aldermans Walk, E.C.,  
12.00  
Royal Insurance, Chartered  
Insurance Institute, 20,  
Aldermanbury, E.C., 11.00  
Sphere Inv. Tst., Dragon  
Court, 27-29, Macklin Street,  
W.C., 12.00  
Transport Development,  
Gladstone Hall, 9, Montague  
Close, S.E., 12.00  
Watmoughs, Fortis Crest  
Hotel, Bramhope, Leeds,  
11.30  
Wickes, 19-21, Mortimer  
Street, W., 11.00  
BOARD MEETINGS:  
Finals:  
Austin Reed  
Boat (Henry)  
British Dredging  
Caird  
Cannon St. Inv.  
Etam  
Eurotunnel  
Helical Bar  
Liberty  
RPH  
Tie Rack  
Utd. Energy  
Yorkshire  
Interim:  
Albert Fisher  
British Empire Sec. & Gen.  
Tst.  
Low (Wm)

Molyneux Estates  
Sphere Inv. Tst.  
WEW Grp.

**FRIDAY APRIL 22**  
COMPANY MEETINGS:  
Baillie Gifford Shin Nippon,  
1 Rutland Court, Edinburgh,  
12.30  
Baltic, Browns Hotel, Dover  
Street, W., 11.30  
Chieftain Grp., Gosforth Park  
Hotel, Newcastle upon Tyne,  
12.00  
Relyon, Wellington, Somerset,  
12.00  
BOARD MEETINGS:  
Financial Banking Group,  
Darby  
Holt (Joseph)  
Paramba  
Reed Executive  
River & Mercantile Geared  
Cap.  
Slingsby

**SATURDAY APRIL 23**  
COMPANY MEETINGS:  
Victoria, Priory Centre, Priory  
Lane, St. Neots, Cambs.,  
11.00

Company meetings are annual  
general meetings unless  
otherwise stated.  
Please note: Reports and  
accounts are not normally  
available until approximately  
six weeks after the board  
meeting to approve the  
preliminary results.

## DIVIDEND & INTEREST PAYMENTS

**TODAY**  
Allied London Properties 5%  
Ov. Pl. 2.675p  
Bradford & Bingley Bldg. Socy.  
FRN 1999 £137.12  
BZW Conv. Inv. Tst. 1.5p  
Do. Equities Index-Un. Ln.  
1998/2002 1.61625p  
Conversion 94% 2005 84.75  
Crest Nicholson 1p  
Dacel Chemical 5.1% Bd.  
1997 Y508583.0  
Do. 5.6% 2000 Y584444.0  
Eohlin 50.19  
Erisson 74% Bd. 1997  
\$77.50  
Hafslund Bldg. Socy. FRN 1995  
£157.12  
Hydro-Quebec 11.14% Do. Ser.  
HV April 2001 £112.50  
Johannesburg Cons. FRN 2003  
Y167777.0  
Johannesburg Cons. FRN 2003  
Y167777.0  
Motorola 50.14  
NatWest Bank 9% Non-Ord.  
Pl. 4.5p  
Do. Non-Ord. S.P. Ser.A  
\$0.532  
Do. Ser.B \$0.4375  
Do. Exch. Cap. Ser. Ser.A

\$3.20  
Nokia FM2.80  
Nova Scotia (Province of)  
11% Ln. 2019 25.875  
Pochina 8p  
Sanyo Fin. Aruba Gtd. FRN  
July 2004 \$937.50  
Do. Gtd. Step-up FRN Oct.  
2002 \$488.75  
STB Fin. Cayman Gtd. Fxd/  
Ftd. Rate Tranche A Nts. 2003  
\$3437.50

**TOMORROW**  
Boddington 5.17p  
London Forfeiting 6.1p  
USDC Inv. Tst. 3.25p  
Wells Fargo Ftd. Rate Sb. Nts.  
July 1997 \$67.50

**WEDNESDAY APRIL 20**  
Budgets 5% Ov. Un. Ln. 2003  
£21817.0  
Dobson Finance Gtd. FRN 1997  
\$2065.42  
Dunedin Inc. Gtd. Inv. Tst.  
17.35p  
European Assets Tst. FLD.08  
Grafton IF4.25p  
Hanley Dept. Stores 3% Nts.  
1999 Y78886.0

Islington 11.9% Rd. 2017  
£5.95  
M & G Inc. 10m. Tst. 1.9125p  
Do. Geared Units 1.9125p  
Do. Package Units 1.9125p  
Mitsubishi Elect. 3.2% Bd.  
2000 Y81778.0  
Nissio Iwai 3% Bd. 1998  
Y80000.0  
Northern Rock Bldg. Socy. FRN  
1998 £134.08  
Pacific Assets Tst. 1.2p

**THURSDAY APRIL 21**  
Amrad 0.2p  
Anglo & O'sess Tst. 5.4p  
Anglovaal R0.35  
Do. N R0.35  
BBL Int. Gtd. FRN 1999  
Y128.39  
Commonwealth Bank of  
Australia Gtd. Und. Cap. Nts.  
Y173.78  
Eurocamp 6.3p  
Latin Am. Extra Yld. Fd. \$0.275  
Malaysia FRN 2015 \$265.42  
NatWest Bank Und. Var. Rate  
Nts. Y1012.50  
Partridge Fine Arts 1.5p  
PizzaExpress 0.5p  
St. Modwen Properties 0.7p  
Senco 11.7p  
TSB 10% Sb. Ln. 2008

5.3125p  
Treasury 4% L.L. 2004  
£22.794

**FRIDAY APRIL 22**  
Afax Corp. \$0.05  
Berafin 1.2p  
Chemical Banking Sbn. FRN  
2003 \$278.06  
Comac 1.5p  
Dale Elect. 1p  
FAI Insurance \$A0.01  
Fleming Fledg. Inv. Tst. 2p  
Hall Eng. 3.02p  
Lincat 2.2p  
Metal Bulletin 7.1p  
Murray Inc. Tst. 2.33p  
Padang Senang 1.2p  
Raine 1p  
Ransomes Cm. Pl. 4.125p  
Robeco (B) FL3.52  
Do. Sb. FLD.352  
Rolinco FLD.248  
Do. Sb. FLD.248  
Sarwa Australia Fin. Gtd. Ftd/  
Ftd. Rate Nts. 2003 \$1984.31  
Widener (T) 0.18p  
Wismouth 5.1p  
Yasuda Tst. Asia Pacific Ftd/  
Ftd. Rate Gtd. Bd. 2002  
Y1959.03

# "ALL COMPANY CAR DRIVERS SHOULD ATTEND THE 1994 FLEET SHOW"

## "IF YOU DON'T YOU WILL MISS A FANTASTIC DAY OUT"

- Driving a car of your choice around the Silverstone race circuit.
- Enjoying the excitement of the 4x4 off road experience on a specially designed course.
- Comparing diesel and petrol cars, like for like.
- Seeing the impressive range of fleet services all under one roof, as well as all the cars.

**FREE CHAUFFEUR SERVICE FOR EVERY VISITOR TO AND FROM MILTON KEYNES RAILWAY STATION.**

Call 081 961 1000 to reserve your transportation.

# The Fleet Show at Silverstone

19-22 APRIL 1994

SPONSORED BY Fleet News IN ASSOCIATION WITH BVRLA

## CONFERENCES & EXHIBITIONS

**APRIL 21**  
**COAL TECHNOLOGY: HOW SOON A THREAT TO THE GAS AND OIL INDUSTRY?**  
Clean coal technology will be commercially proven by the end of the century, threatening the gas and oil industries. This half-day seminar will examine the implications of this technology for the gas and oil industries. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 21**  
**THE EUROPEAN WORKS COUNCIL DIRECTIVE**  
Zygmunt Tyszkiewicz, Secretary General of UNICE, will speak on European Works Councils. This seminar will discuss the implications of the directive for employers and employees. Contact: Martin Evans, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 21 & 22**  
**BUSINESS PROCESS RE-ENGINEERING SEMINARS & WORKSHOPS**  
Containing a successful series of seminars for executives and senior managers. The seminars will discuss the implications of business process re-engineering for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 26**  
**RUSSIA - THE REGIONAL OPTIONS**  
CBI Conference, supported by UNICE, will discuss the implications of the regional options for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 26**  
**INVESTMENTS IN MINAS GERAIS - The Gateway to Brazil and the MERCOSUL**  
A morning seminar and luncheon for interested individuals and organisations. The seminar will discuss the implications of investments in Minas Gerais for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 28**  
**IMPROVING SAFETY, ENVIRONMENTAL & QUALITY PERFORMANCE**  
A lunch time briefing. Many companies have adopted safety, environmental and quality performance. This seminar will discuss the implications of these performance measures for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 28**  
**STRATEGIC ALLIANCES: MAKING THEM WORK**  
Angela Bland, in association with Arthur D. Little, examines the trend for companies to make alliances and look at how to get them right. To learn from those who have done it, listening with case studies from British Airways, BT, ICL, Leeds Partnership and Warner Lambert. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 28 & 29**  
**FT - ASIAN CAPITAL MARKETS**  
This timely conference will review emerging opportunities for capital markets in Asia. The seminar will discuss the implications of these opportunities for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 29**  
**PATENT TREND ANALYSIS AS A TECHNOLOGY INVESTMENT TOOL**  
Battelle, the international technology development organisation, will present this seminar at the R&D Club, London. For further details contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 4-5**  
**KNOW YOUR COMPETITORS**  
Competitor Intelligence & Analysis Ltd. presents a two-day seminar. The seminar will discuss the implications of competitor intelligence for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 4-5**  
**THE NORTH SEA CONFERENCE 1994**  
Petroleum Economics/CI Conference on the North Sea. The seminar will discuss the implications of the North Sea for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 10**  
**INVESTMENT OPPORTUNITIES IN THE NEW SOUTH AFRICA**  
For Fund Managers - Institutional Investors. The seminar will discuss the implications of investment opportunities in the new South Africa for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 11**  
**A SECOND ONE DAY SEMINAR DIRECTORS IN THE DOCK**  
PERSONAL, CRIMINAL & CIVIL LIABILITY UNDER ENVIRONMENTAL AND SAFETY LAWS. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 11**  
**RAILFREIGHT AFTER OPEN ACCESS - MAKING PRIVATISATION WORK**  
A major conference examining how to make rail freight work after privatisation. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 11**  
**THE NEW CONSUMER ENVIRONMENT**  
The key factors driving markets into the new century. The seminar will discuss the implications of the new consumer environment for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 12**  
**DIRECTORS' DUTIES**  
The legal liabilities involved in company directorships should be examined seriously by all current and potential directors. This course will enable them to do so. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 12**  
**INVESTING FOR GROWTH**  
This one day conference will draw on the experiences of various companies that have used the discipline of research to research their companies about investment. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 12**  
**BUSINESS PROCESS RE-ENGINEERING**  
ONE DAY SEMINAR & WORKSHOP. The seminar will discuss the implications of business process re-engineering for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 13**  
**THE ROUTE TO STRATEGIC EXCELLENCE**  
Sallydale Road, Marble Arch, London. This seminar will discuss the implications of strategic excellence for the future of business. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 16 & 17**  
**BUSINESS PROCESS RE-ENGINEERING AND ACTIVITY BASED COST MANAGEMENT: EXPLOITING THE SYNERGY**  
Mayfair International Hotel and Mount Royal Hotel. A major conference examining how to make business process re-engineering and activity based cost management work. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 17 - 18**  
**MTQ '94**  
TESTING FOR QUALITY. The leading materials testing exhibition and conference opens in Hall 12 at the NEC on 17th May with over 250 key exhibitors. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 19**  
**QUALITY SURVEY**  
At this Quality Survey we are offering a range of named quality awards. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 20**  
**WORLD CLASS INTERNATIONAL WORKSHOPS**  
BUSINESS PROCESS MANAGEMENT. Organisations achieve their goals through a relatively small number of processes. This workshop explores how to create value adding processes and the role of workflow automation and activity based costing. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 23-24**  
**FRONTIER EXPLORATION**  
Honed by Petroleum Economist, this event provides a practical two-day in-depth analysis of the opportunities and pitfalls of exploring and producing oil and gas in the frontier areas. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 24**  
**THE NEW COMMERCIAL AGENTS RULES**  
The commercial agents regulations: problems with existing agency contracts; the challenge for sales directors and in agent's perspective. CIPD 5.00. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 25**  
**NEW LEGAL AND COMMERCIAL DEVELOPMENTS ON INTERNATIONAL SALE OF GOODS**  
Law applicable to contracts after the Rome Convention; international sale contracts in English Law; guidance on contracts 1990 and amended transport documents; new UCP 500; performance bonds and re-demanded guarantees. CIPD 5.00. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 25-26**  
**TRANSFORMING IT TO SUPPORT THE HIGH PERFORMANCE BUSINESS**  
UK's top annual conference for senior executives responsible for re-engineering the organisation and delivery of IT. It addresses ways of organising IT to new skills and resources requirements and alternative approaches to systems delivery. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 27-28**  
**FT WORLD GOLD CONFERENCE**  
This important conference, which has been timed to coincide with the bi-annual conference of the Bank of England, will feature central bank presentations, a review of international mining developments and a major forum on the role of the markets in the mid-1990s. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 7-9**  
**IMPROVING BUSINESS PERFORMANCE THROUGH EFFECTIVE USE OF IT**  
Presented by: John Sifton, Siberg Associates Inc., New York; Wm. Ball, OASIS Group plc; Michael Malson, BDO Consulting Ltd; Graham Gould, COBA; M.D.; Richard Archer, HMSO; Peter Haine, Severn Associates; Joe Peppard, Cranfield School of Management; Brian Twiss, Technology Management and Forecasting; Mark Goodridge, ER Consultants. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 7-9**  
**IMPROVING BUSINESS PERFORMANCE THROUGH EFFECTIVE USE OF IT**  
Investing in IT to meet the needs of business; re-engineering business processes to become more customer oriented; successfully managing the cultural impact of change. Leading international speakers describe case studies and projects. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 8**  
**BUSINESS PERFORMANCE MEASUREMENT: The Instruments of Corporate Change**  
A half-day seminar for senior executives wishing to explore the issues involved in developing and introducing new performance measurement and reporting systems. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 8-9**  
**CLIENT SERVER REPORTING FOR THE ENTERPRISE**  
Europe's leading conference and exhibition on Executive and Management Information Systems. This conference programme which gathers many of the world's best thinkers, practitioners and case studies, with the aim of helping organisations link EIS to business goals. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 9 & 10**  
**TAXATION AND ACCOUNTING FOR FOREIGN EXCHANGE AND DERIVATIVE INSTRUMENTS**  
A practical seminar analysing the tax changes due for implementation in January 1995. It describes the technical changes, alerts you to problem areas and teaches effective techniques for dealing with the new provisions. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 15 & 16**  
**FT TRANSPORT IN EUROPE**  
The seminar will focus on the implications of Community proposals for the Trans-European Networks and the proposed European Transport Infrastructure. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 22-23**  
**IMPLEMENTING PRACTICAL PERFORMANCE MEASURES ACROSS YOUR BUSINESS**  
If you can't measure it, you can't manage it. Performance Measures are indispensable tools used to assess whether or not critical business processes are contributing to your overall business objectives. This conference is designed to take the delegates through a structured learning programme consisting of 13 practical case studies illustrating how to implement and operate performance measures in Customer Service, Quality and Human Resources. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUL 12 & 13**  
**FT MULTIMEDIA - VISION AND REALITY**  
This major business forum will focus on the key issues facing one of the fastest growing industries: the regulatory and legal framework for industry development, financing the multimedia future, assessing real business applications and potential and the role of strategic alliances in responding to the developing multimedia marketplace. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**SEPTEMBER 27-30**  
**15TH ANNUAL ANTI-TRUST LAW**  
Territorial exclusivity, consumer rights, joint buying & selling; Information Exchange; IP Rights; EC Trade Mark Regulation; Copyright Licensing; Marketing/Licensing Agreements; Abuse of market power; Trade & Competition in European Economic Area; Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 20-21**  
**CHEMSPEC EUROPE 94/ FORMULATE 94**  
An exhibition designed to highlight developing and future trends in organic intermediates, specialty, performance and fine chemicals, together with an exhibition of recent structural reform measures allowing those at the operational front line of change to exchange experiences with each other, drawing out common lessons as well as discussing the future with international investors and suppliers. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 31 - JUNE 3**  
**COMMUNICASI94 EXHIBITION AND CONFERENCE**  
A three day international exhibition at the NEC, Birmingham. It will feature 55 exhibitors and speakers from 15 countries. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**OCTOBER 12-14**  
**VOICE VOICES AUTOMATION AND COMPUTER TELEPHONE INTEGRATION**  
EUROPE'S LARGEST VOICE EVENT. A three day international exhibition and conference providing the latest information on voice communication technology and applications. The workshop focused conference will have a special track on Call Centres. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**APRIL 24-26**  
**EARLY STAGE EQUITY FINANCING**  
Ninth seminar of the European Seed Capital Fund Network. Supported by the European Commission and the European Venture Capital Association, this seminar addresses the needs of institutional and private early-stage investors. Targeted to seed and start-up companies. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**MAY 3-4**  
**OCCUPATIONAL RETIREMENT SCHEMES IN HONG KONG**  
Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. HONG KONG

**JUNE 2-3**  
**PRIVATISATION & INVESTMENT IN THE EASTERN MEDITERRANEAN & BLACK SEA ECONOMIC CO-OPERATION ZONE**  
Examining the development, progress & prospects of privatisation, progress & prospects of programmes in Turkey, Greece, Egypt, Ukraine, Russia, Romania & Bulgaria. Precautions from senior privatisation agencies, industry & investment specialists. INTERFORUM Tel: +44(0) 71 366 9322. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. ISTANBUL

**JUNE 6-7**  
**THE 1994 CENTRAL / EAST EUROPEAN GAS CONFERENCE**  
Pasta Renaissance Hotel. This forum will share views of lessons drawn from both the progress and pitfalls of recent structural reform measures allowing those at the operational front line of change to exchange experiences with each other, drawing out common lessons as well as discussing the future with international investors and suppliers. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. LONDON

**JUNE 16-17**  
**REALISING THE POTENTIAL OF THE CENTRAL & EASTERN EUROPEAN LEASING INDUSTRY**  
Hilton Hotel, Vienna. This conference provides a complete guide to the leasing industry in central and eastern Europe. For further details please contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. VIENNA

**JUNE 20-28**  
**KAZEN STUDY TOUR OF JAPAN**  
Learns what makes Japanese companies successful on the Kazen Institute 7 day condensed study tour of Japan. The tour includes visits to major Japanese companies with lectures by plant personnel and a lecture by Masaki Imai. Further details: Sarah Boley, Kazen Institute. Tel: 01753 477177. The Institute of Petroleum, Tel: 01753 477177. JAPAN

**JUNE 28 & 29**  
**1ST INTERNATIONAL CONFERENCE ON EMPOWERING FLEXIBLE WORK TEAMS**  
For the first time a unique group of speakers from European 'Best Practice' companies will share their knowledge and practical experiences of how they made flexible teams work for them. Their experiences will give the delegates a unique insight into the practicalities of implementing teamworking across a range of industry sectors and will explore the very real effects of national and corporate culture on empowerment. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. FRANKFURT

**MARCH 27 & 28 1995**  
**SUB-SAHARAN OIL & MINERALS II**  
The pre-eminent convention for African energy & mining executives. Speakers include Ministers & CEOs from the region. A follow-up to last November's conference in Cape Town. Contact: Peter Smith, 01753 477177. The Institute of Petroleum, Tel: 01753 477177. JOHANNESBURG

TO ADVERTISE IN THIS SECTION PLEASE CALL JANET KELLOCK ON 071-873 3503



# THE MONDAY People page

## Henderson in from the cold

The man at the centre of Britain's arms-for-Iraq trial re-enters the business arena. Jimmy Burns reports

Paul Henderson, the businessman at the heart of Britain's Iraq trial, was not easy to single out amid the clutter of the workaday exhibits at a UK machine tools fair in Birmingham last week. But his anonymity - sitting in the temporary stand numbered 3056 in the huge exhibition hall - belied how much he has learned about how to promote himself when he needs to.

On the day John Major, the prime minister, visited the fair, Henderson - silver haired and with the looks of an ageing television soap opera actor - chose to announce he was setting up a business partnership with John Butcher, the Tory MP, and former junior minister for trade and industry to boot.

Henderson's resurrection from what had seemed business oblivion is not without its ironies. Butcher's assessment of his partner as a patriotic, unfairly maligned businessman conflicts directly with the assessment of Lord Trefgarne, another former trade minister. It was Trefgarne that, in a public hearing on the arms-for-Iraq inquiry held by Lord Justice Scott at the end of March, accused Henderson of lying. And yet here was Henderson apparently putting himself forward once again as a symbol of the government's dishonesty and hypocrisy.

With his new venture - the takeover of welding company Production Systems International - Henderson hopes to return to the business mainstream he was suddenly ejected from when in February 1991 he was charged with breaking government export regulations.

He was no stranger to publicity. In the wake of Iraq's invasion of Kuwait, Henderson had already raised eyebrows as the managing director of Matrix Churchill, the Midlands-based machine

tool company that was under Iraqi ownership. The case against him, which collapsed, was that Matrix Churchill broke export regulations by supplying Iraq with machine tools destined to help make arms. During the trial in November 1992 Henderson's defence lawyers revealed he had worked for British intelligence.

The government is still counting the cost of the ill-fated legal action. Later this week Henderson's solicitor plans to present the arms-for-Iraq inquiry with further evidence that British officials were involved in approving the export to Iraq of dual use machine tools capable of military applications.

Since his trial found him not guilty, the 57-year-old businessman has been a thorn in the flesh of government and Whitehall. Much of the evidence heard at subsequent public hearings appears to have strengthened the public perception that the Matrix Churchill trial should never have taken place.

"I've met a wide spectrum of people since the Scott inquiry got under way, complete strangers who have come up to me and said how absolutely disgusted they are by what the government did," says Henderson.

In fact the jury on Henderson is still out. Allies like his new business partner, portray him as a patriot and unfairly maligned businessman, his detractors - and unsurprisingly there are many within Whitehall - see him as a publicity seeker.

He has attended the Scott inquiry on and off as a member of the public, never shying away from making himself available for comment on evidence relating to his case. Such exposure has put pressures on his family life - as a Catholic he remains a committed parent - but he insists he has volunteered his availability to the media as part of a personal crusade to bring to light the



Paul Henderson at the Birmingham tools fair last week

injustice and double-dealing of a system of government he had always felt utterly loyal to.

He counts among his favourite family portraits that of his son David, a soldier of the 1st Battalion Coldstream Guards being presented to the Queen at a royal cocktail party.

Certainly Henderson adopts a disarmingly straightforward manner when he describes the most controversial aspect of his working life: his recruitment by the British intelligence services. "I agreed to work for the intelligence services for two reasons," he says. "The first was the glamour...the second was simply if I could help my country why not?...In all honesty, at that stage the glamour aspect was more attractive to me than the patriotism."

An MI6 officer codenamed Balsom, who was Henderson's controller has described him as an "extremely brave man". Balsom says: "Few people I have met would take such risks and take them so much in their stride, with all the pressures on them."

Yet Henderson believes the intelligence services in the end betrayed him as much as any other government department. He may have once got a kick out of leading a double life, but today he regrets the day he was ever recruited.

"When intelligence services get

involved with businessmen, they must be prepared to account for their actions. What I have learnt out of all this is something I would have preferred not to have learnt: that the British government I believed in was duplicitous."

Yet there are very different - unflattering - accounts of Henderson's behaviour. In his evidence to Scott, Lord Trefgarne graphically described a meeting he had with Henderson to establish exactly what Matrix Churchill was selling to the Iraqis: "I don't think I could have done more than look him in the eye and ask him what the machine tools were for. He told me. I now believe he deceived me."

Those who have distanced themselves from Henderson in recent months include Mark Gutteridge, his former business partner. Gutteridge has not only severed his business links, but has kept a personal distance from Henderson him in recent months.

Businessmen within the machine tool industry are angry about the negative publicity for British exporters generated both by the Matrix Churchill trial and the Scott inquiry.

The business venture announced last week has been treated with some scepticism. "Henderson is a salesman, not a businessman," commented one executive. Many will be watching closely to see whether he has the skills to build up the small welding group which only broke even last year.

## Personae

### Boonstra's light switch

By Ronald van de Krol in Amsterdam

Philips, the Dutch electronics group, has tapped yet another high-flyer in marketing to strengthen its board and bolster its return to profitability.

The company, traditionally strong in inventing products but not always as successful at selling them, will appoint Cornelis Boonstra, former president and chief operating officer of Sara Lee, the US-based food and personal products group, to the head of its lighting operations in the summer.

Boonstra, a 55-year-old Dutchman, will also join the management board and look after activities in the Asia-Pacific Region.

Boonstra, whose abrupt departure from Sara Lee in January came as a complete surprise, is scheduled to replace Einar Kloster, who is stepping down from lighting in July to return to his native Norway. Significantly, however, Boonstra will be given a place on the board, expanding its membership to six directors. Kloster, a scion of Norway's Kloster shipping family who spent more than 30 years with Philips, never belonged to the management board, though he did sit on the wider group management committee.

The appointment of Boonstra, whose "heavy-weight" status as a top US corporate executive puts him in the running as a potential heir to Jan Timmer,

Philips' president, is part of the group's search for marketing expertise.

The move also extends the trend at Philips towards giving top jobs to outsiders with extensive international experience.

Earlier, Pierre Everaert, a Belgian-born naturalised American, was coaxed away from the chairmanship of Ahold, the Dutch food retailer with several supermarket chains in the US.

Philips also recently announced that Floris Majers, chairman of the Dutch arm of Unilever, the Anglo-Dutch soap-to-margarine manufacturer, will become chairman of the group's supervisory board, a position usually filled by retired Philips executives.

### Into Bank Negara's hot seat

Ahmad Mohamed Dan steps into the hot seat as governor of Bank Negara, Malaysia's central bank, on May 1. Late last month Bank Negara announced foreign exchange trading losses for 1993 of M\$5.7m (\$3.1bn). Subsequently Jaffer Hussein, the central bank's governor for the last nine years, announced his resignation, writes Kieran Cooke.

Ahmad, a 47-year-old British trained chartered accountant, has a tough job on his hands. Bank Negara's 1993 forex loss followed on from a deficit of over M\$9bn the previous year.

For the past three years Ahmad has been chief executive and managing director of Malayan Banking or Maybank, the country's biggest financial institution. He joined Maybank in 1983 as head of its treasury division where he earned a reputation as a highly successful head of foreign currency trading operations.

He will be reviewing his new bank's overall foreign exchange trading policy. The Malaysian finance ministry recently instructed Bank Negara to stop its "excessive" foreign exchange dealings.

### Greenwald flies friendless skies

By Richard Tomkins in New York

"There's never been a problem I don't like solving," said Gerald Greenwald, chairman-designate of United Airlines, the biggest US carrier, last week. "And I like working with human nature."

It is just as well: for as boss of an airline that has been targeted for the world's biggest-ever employee buy-out, the 55-year-old former Chrysler vice-chairman could find himself facing problems and nuances aplenty in his new role.

Under a deal hammered out by United's management and labour unions - but yet to be approved by shareholders - the airline's employees have agreed to big pay cuts and other labour concessions in return for a controlling stake in the company.

It is a bold endeavour, but nobody knows quite how worker control will pan out. Who, for example, is to say that employees will not cripple the company by voting themselves big pay rises once they have a foot in the boardroom door?

Greenwald, the unions' nominee for the chairmanship,

clearly relishes the challenge ahead.

In a New York presentation aimed at selling the deal to United's shareholders, he spoke repeatedly in terms of making history with the buy-out.

In one sense, history has already turned full circle. Four years ago Greenwald was heir apparent to Lee Iacocca as Chrysler's chairman when he abruptly left the car maker to head an earlier union buy-out plan at United. That buy-out collapsed, however, leaving Greenwald to join Dillon Read, a Wall Street investment bank, before going on to head the restructuring of Olympia & York Developments, the failed Canadian property development group.

Now established as a bit of a trouble-shooter, Greenwald is currently chairman of Tetra, a Czech Republic truck company, where he has been retained until February 1995 to turn the company around. But United is where he really belongs, he says, even though he has no previous airline experience.

He must be spending many a quiet hour praying that United's shareholders agree.



The Commonwealth of Independent States (CIS) needs access to western market economies. Equally, many European companies are interested in developing new business relationships further east. A fully functioning telecommunications infrastructure is a fundamental prerequisite for meeting these objectives.

And it's on this international, east-west stage that Telekom is currently making a vital contribution. Together with other partners from German industry, we have founded Romantis GmbH to create a satellite-supported communications network in the CIS. This will link the CIS countries to each other and to the western telephone network.

But there's no need to wait until then: Telekom can already offer companies a superfast data highway to even the remotest location in the east.

Via Intelsat and the Russian Intersputnik system, we keep you

in constant touch with your eastern contacts, so that together you can really get business moving.

So, in the interests of economic recovery and good inter-country relations, we're thinking a long way ahead.

If you, too, have demanding communications challenges to solve in the east, have a word with the No. 1 in Europe: Telekom.

Telecommunications made in Germany.



We tie markets together.

**Telekom**

London  
Tel.: +44 71 287 17 11  
Fax: +44 71 287 50 99

New York, NY  
Tel.: +1 212 424-29 00  
Fax: +1 212 424-29 99

Tokyo  
Tel.: +81 3 52 13 96 11  
Fax: +81 3 52 13 96 32

Paris  
Tel.: +33 1 44 43 00 00  
Fax: +33 1 44 43 00 10

Moscow  
Tel.: +7 50 22 56 51 08  
Fax: +7 50 22 56 51 10

Brussels  
Tel.: +32 2 775 05 11  
Fax: +32 2 775 05 99

Koblenz  
International Key  
Account Management  
Tel.: +49 261 1 33 11  
Fax: +49 261 3 82 82

ARTS  
GUIDE







# The Bretton Woods twins at 50

The International Monetary Fund and World Bank have every reason to celebrate their 50th anniversary this July. In course they have made some bad loans and shown insensitivity on issues, such as poverty relief and the environment. But critics should remember that institutions, on the whole, championed the right causes. They intervened in markets and conservative macroeconomics when such policies were reviled by the developing (and developed) world's intelligentsia.



MICHAEL PROWSE  
ON  
AMERICA

Yet at the moment of triumph the future of the Bretton Woods twins is murky. Over the next 50 years the power and prestige of these agencies – and many like them – is likely to decline. This should not be read as a criticism of their mostly able and dedicated staff. It will instead reflect profound changes in the economic landscape – changes that are already beginning to reduce the demand for their bureaucratic services.

The fund and bank, admittedly, adapted skilfully to changing circumstances. The fund no longer supervises a fixed exchange rate system (because that long vanished), but it is concerned solely with macroeconomic stabilisation. The bank has long ceased to be simply a supplier of project finance. Today, both institutions are engaged in "policy-based" lending, both are trying to promote structural reforms; both are concerned with long-term development. This suggests a similar division of labour and some minor functions are possible, as the independent Bretton Woods Commission is likely to recommend later this year.

But a 50th anniversary year review of their operations ought to be a little deeper. The fund and bank would be engaged in these activities: the provision of economic advice; the supply of development capital; and the certification of policies as sound or unsound. All these activities are separable, and all three can, in principle, be provided by the private sector.

On advice, there is now broad agreement in the mar-

ket-friendly policies likely to promote development. Private consultants are perfectly capable of devising economic reform in developing and formerly communist countries. Meanwhile, the lifting of controls on capital flows and the growth of pension funds and other forms of institutional investment in rich countries has created a huge pool of mobile private capital. From a trickle in the early 1980s, total private investment in developing countries has reached a torrent, worth \$110bn last year. They have durable because the fund's long-term equity and bond funds. Foreign direct investment is now the single largest source of capital for developing countries, rather than aid or loans, which have stagnated.

Despite this revolution, the fund and bank claim to have a critical role in the middle-income countries that so easily attract private capital. They are uniquely well placed to influence economic policies – and thus promote development – because they are conditional on policy changes. By moving on scapegoats, they claim they can also provide political cover for unpopular but necessary reforms.

There is something in this conditionality argument. The fund and bank can point to instances where reform would not have occurred but for their prodding. But the fund's problems in Russia illustrate the leverage of external agencies is pretty limited in the absence of a consensus for reform.

The long list of perpetual borrowers from the fund and

bank illustrates the dark side of policy-based lending. Governments promise to make reforms in order to get loans, and then renege on their promises. After a cooling-off period, the process repeats itself. The fund and bank thus become unwitting obstacles to reform; their loans enable countries to pursue rotten policies for longer than would otherwise be the case. Trying to be kind, they create more, rather than less, misery.

The private sector alternative seems far cleaner. If a country wants to implement market-oriented reforms, it can buy the necessary advice privately. Once it has proved its good faith, bankers and private investors will be clamouring at its doors. And it is not true, as some sceptics argue, that private investors are willing to risk their shirts only in relatively prosperous countries already under the tutelage of the bank and fund. The example of China, which attracted more than \$20bn in private inflows last year, shows that countries with very low per capita incomes can attract private capital without an official badge certifying good behaviour.

Yet the bank and fund are still needed. Even in a liberal global economic order, governments must co-ordinate policies, so as to avoid destabilising shifts in fiscal, monetary and exchange rate policy. There will still be financial emergencies, such as the debt crisis of the early 1980s. It is in these spheres, rather than conditional lending, that the fund has most to offer. The bank, meanwhile, should accept that many of its historic tasks can now be performed by private bodies; a slimmed-down agency should focus its energies on the poorest regions, such as sub-Saharan Africa, where the outlook for private investment is bleakest.

What the fund and bank can no longer deny is that the growing competence of the private sector in all aspects of development finance logically requires a tighter definition of their role. Public agencies, as they have long argued, exist to perform tasks that the private sector either cannot do at all, or cannot do well.

Politics and religion have often been uncomfortably close in Japan. And the two estates are getting closer these days, to the alarm of many in a country whose postwar constitution imposes a broad but imprecise ban on religious exercising political authority.

Japan's largest and most religious organisation, the Buddhist Soka Gakkai, is a significant, yet poorly understood, behind-the-scenes force in the political upheavals likely to lead to the formation of a new Japanese government this week.

Founded 64 years ago as a pacifist protest against state Shinto ritual, Soka Gakkai is now part of the political establishment as the power behind Komeito, the clean government party. Komeito's partnership with the conservative Japan Renewal Party dominates policy in the fragmented seven-party coalition. Mr Komeito, leader of the Japan Renewal Party, is a potential successor to former prime minister Morihiro Hosokawa – though the outcome is unclear.

Formally, Soka Gakkai and Komeito are separate organisations, but their links run deep. All but six of Komeito's 1,000 community centres to address the faithful during election campaigns.

Komeito's opponents in the opposition Liberal Democratic Party suspect that Mr Daisaku Ikeda, Soka Gakkai's 79-year-old founder and chairman of Komeito 30 years ago, still runs his old party from behind the scenes. Mr Ikeda, a mix of more than 60 spiritual tomes, is portrayed by critics as a billionaire megalomaniac. He was forced to demerge Komeito and Soka Gakkai in 1970. Komeito was then the political department of Soka Gakkai and Mr Ikeda was alleged to run both as personal fief.

Mr Ikeda's wealth and power it is an attractive political friend. For many years he had been a law curbing the size of political parties from any one source.

Soka Gakkai's moral and political friend, Mr Ikeda, is the wily Mr Ichiro Ozawa, deputy head of the JRP. His opponents accuse him of using his alliance with Mr Yuchi Ichikawa, Komeito secretary-general, in Japan's prime minister's coalition.

Soka Gakkai's attractions are obvious. The group has a daily newspaper with a circulation of 5.5m

# The alluring call of the Buddha

Religious loyalties exercise increasing influence in Japanese politics, says William Dawkins



and a graveside business, and it has established its own university. The newspaper, Sekkyo Shinbun, the sect's biggest cash source, reported a ¥9.4bn (\$62m) profit in 1991. The group is, however, shy about divulging its precise income.

Soka Gakkai's influence also derives from its following among the spiritually inclined in Japan's armies of salary-men. Its membership – about 8m households in Japan and 1.5m abroad – makes it the most successful of the half-dozen new religions to have grown over the past few decades by offering a community and spiritual dimension to city dwellers who feel their lives lack depth.

Mr Ikeda's officials are baffled at their movement's controversial public image. They insist its influence is benignly ethical and deny it finances any political party. Yet they accept its increased influence imposes new responsibilities: they have to offer a clearer vision for Japan than a bland diet of universal harmony.

Here, the main influence is Mr Shinzo Akiya, Soka Gakkai's president and a close friend of Mr Ikeda. "Religion is the underlying current in human life... so there is going to be some kind of involvement in politics, based on religious ideas," he says.

## 'Soka Gakkai members are awakening to their political responsibilities'

There is nothing new in this, he adds. Three years ago, Komeito helped the former LDP government win parliamentary agreement to send peacekeepers to help the United Nations in Cambodia.

Mr Akiya wants Japan to play a greater role under a UN-based international system, on which he is deliberately vague. But he has clearer views on development aid. "Japan must do more than merely provide

international aid to satisfy its obligations to the world community," he says. It must discuss aid projects with recipients, and send more aid workers into the field.

The sect does not, however, plan to impose a parliamentary whip on Komeito members, he says. It does not have to. At least one Diet member has found offending Mr Ikeda left him no option but to resign.

Komeito politicians see no constitutional problem in bringing Buddhism to politics – if the party and sect stay institutionally separate. "Yes, Soka Gakkai supports us electorally, but Komeito handles its own political business," says Mr Akihiro Ohta, Komeito's vice-secretary general.

Dr Masami Kita, economics professor at Soka University, likens the relationship with Komeito to the Presbyterian Church of Scotland's support for the Labour Party in the 19th century. "Soka Gakkai members are awakening to their political responsibilities and exercising their political

rights," he says. The benefits of the relationship are clear. It regularly pulls in 7m votes at general elections and is rarely defeated in any seat on which it can afford to concentrate resources. Mr Ikeda must address the faithful at the end of monthly Soka Gakkai worship sessions. Their speeches usually follow a simulcast talk over a central television screen in each of the sect's community centres by Mr Ikeda, offering moral guidance from the lives of wide range of figures from Beethoven to Napoleon.

## The sect went to the trouble of providing a laundry service for the faithful

Part of Soka Gakkai's appeal, say members, is to bring spiritual freedom to people who feel oppressed, as did its two founders who were jailed as "thought criminals" for challenging the monopoly of state Shinto in the 1930s.

The movement expanded fast after the second world war. Mr Ikeda's leadership. Another surge came in the 1980s from the first generations of salarymen, often sent to Tokyo to live in company dormitories away from their families. Soka Gakkai even went the trouble of providing a laundry service for the faithful.

But Soka Gakkai's membership has stagnated in recent years. New religious converts have flocked to younger fringe groups, such as the ultra-nationalist Institute for Research into Human Happiness, or to Agon-shu, which uses its own satellite television station to blast healing psychic power at the faithful.

Even before the recent spiritual revival, the Japanese showed a unique capacity to suggest a dilettante approach to religion. It could rebound on Soka Gakkai. At last count, the government's cultural affairs agency knew of 231,000 Japanese religious sects with 215m members – more than 14 times the nation's population of 124m.

Gakkai's inability to move from this religious revival may result partly from the damage to its image when a safe belonging to a former director of its newspaper, containing ¥178m, was found discarded on a Yokohama rubbish dump in 1989.

The coalition government has it necessary three months ago to make a small increase in the low tax rate on religious groups' business profits, in response to public criticism of the tax privileges allowed to Soka Gakkai and other religious movements.

The sect's image may equally have been harmed by its mass excommunication three years ago from the 700-year-old Nichiren Shoshu Buddhist sect on which its teachings are based. Mr Ikeda's followers had accused the Nichiren monks of "playing golf and living madly spendthrift lives".

Mr Akiya is undismayed and the split in Christian protestants' breakaway from the Gakkai church. "We have been liberated," he says.

Despite its ambivalent public profile, Soka Gakkai will be part of Japanese public life for some time. It is so powerful that its wobbly coalitions likely to run Japan for the foreseeable future cannot afford to offend it.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Poor excuse for not balloting members

From Mr Barbara Roche MP.  
Sir, Your editorial "Paying the parties" (April 13) supports the recommendations in Labour's minority report on the funding of political parties that shareholders should be balloted on company donations.

When your reporter pressed Sir Ivan Lawrence at the launch of both Conservative majority and Labour minority reports as to why this measure was not included in the majority report, he pooh-poohed the idea, suggesting it was not necessary and would be far too complicated for companies to administer.

This is a poor excuse. Our minority report calls for exactly the same regulations which apply to political donations from trade unions to be applied to companies. In other words, that companies wishing to make political donations should establish a political fund approved by shareholders every 10 years, and that provision should be made for shareholders who do not wish to contribute to opt out.

Unless such a recommendation was implemented in law the position is clearly not going to change. A recent survey by Pensions and Investment Research Consultants found boards defending their decisions not to consult shareholders by claiming donations are "falling within the remit of the management, not the shareholders" (Smith Kline Beecham) and "a matter for the board" (Glaxo). Where shareholders are often not a model of democracy. Allied Lyons held the survey that the "good" of the annual meeting was in favour of a donation, "judging from the applause which met the chairman's comments".

This is an issue around which democrats in all parties should unite. It is a pity that Conservative members of the home affairs select committee have shown so little regard for democracy and openness. Barbara Roche, House of Commons, London SW1A 0AA

## Chance to blaze regulatory trail

From Sir John Williams.  
Sir, Your article "Siding up the watchdogs" (April 13) argues the case for a new regulatory body for the media and telecommunications industries. For the media part, I would agree with you and with Sir Bryan Carsberg, director-general of fair trading, that an evolutionary approach is preferable to some radical changes now being suggested.

I also agree that an all-powerful regulatory giant, sitting atop the whole process, would be highly undesirable. If anything, we should be aiming to dilute the current concentration of power in regulatory hands rather than adding to it.

In particular, it would be wrong to lump in the regulation of the media with the utilities. Telecommunications regulation is a transitional process, while competitors establish

themselves in what is now a fully open market. We already have a decade of experience behind us. The utilities are relatively recent arrivals on the scene and their regulation can be expected to be a permanent feature, as there will always be a strong element of monopoly in their markets.

Ofel provided the original experiment in UK regulation and there is an opportunity to use it again to blaze the trail for the next stage of regulatory evolution. There are a number of reasons why a judicious review of the Ofel framework would be timely.

First, 10 years without any review is a long time. Second, it is becoming increasingly clear that separate regulation of telecommunications and broadcasting makes little sense when the two industries are evidently converging. Third, a framework designed

to be a duopoly in telecommunications sits uncomfortably in a market with a multiplicity of participants.

A review of Ofel for reasons would offer the government the opportunity, at the same time, to try out some of the more sensible proposals for reform that are now being suggested – such as more explicit regulatory objectives, greater transparency, less concentration of power in one individual, and possibly even a "light touch" review procedure of the Monopolies and Mergers Commission. But, as Sir Bryan wisely counsels, a review should reinforce and not undermine the current separation of the two regulatory bodies and departments of Sir John Williams, chairman, BT Centre, 21 Newgate Street, London EC1A 1JF

## Electorate does want new direction

From Mr Austin Mitchell MP.  
Sir, My political career is ever damaged by praising the party leader and who would want to stand in the way of the party's success?

Yet I should question this assumption (Letters, April 14) that the opposition should not say what it is about. We've got to be in trying to over-compensate for our folly by offering long and hard shopping lists in the early months of the next election much at all. Except that we do want?

"Wait and see" is hardly an exciting slogan.

Those who want to hand power over to a European central bank that need an economic alternative. The electorate does and the nation is fed up with stumbling decline. Everything getting worse. The feeling that this government cannot even find a common to be blown off it seems to be part of a nation which is growing somewhere and which can deliver what the people expect of the system: jobs, growth, rising well-being, the

maximisation of living standards. All is possible and the public have moved ahead of us in their willingness to reject the necessary measures.

After 16 years of marching the wrong way down a dead end they want leadership in a new direction. Unless we recognise that we did Mr Thatcher in 1979, and Labour in 1992, we become wise, statesmanlike, friendly, communitarian and irrelevant. Austin Mitchell, House of Commons, London NW1A 1JF

## No call for state funding

From Mr Chris Mullin MP.  
Sir, Your leading article, "Paying the parties" (April 14), on the report of the home affairs select committee on the funding of political parties, claims that the Labour minority called for state funding. It then goes on to criticise us for doing so.

In fact, the minority report makes no reference to state funding except to say that we do not intend to discuss it. Chris Mullin, House of Commons, London, SW1A 0AA

## Who wants another channel?

From Mr Geoff Widdows.  
Sir, I have read with interest the recent letters concerning Channel 5 (April 13 and 14). Each of the writers has laudably stated their own interest and then proceeded to defend their position. It has been stated that viewers will not wish to buy a new TV set to gain a new channel (or channels). It is also true in many ways, but it seems to be overlooking the fundamental differences and requirements of the viewers – do we actually want another channel?

Production standards in television are lagging behind viewers' expanding

requirements; we now have a week that is "safe" television and is hardly intellectually stimulating. Even the "hard-hitting" documentaries have descended to sensationalism and mediocrity. If Channel 5 is going to provide more of the same, irrespective of whether it is digital or analogue, is it worth having? Mr Miles (April 14) argues that advertisers want another channel, but the United Westcott, Ruxton, Main Road, Yapton, Arundel, Sussex BN18 9PT

WHO ELSE CAN

# GUIDE

YOU TO  
A SUCCESSFUL MEETING?

Years of experience have taught us how important business meetings are. That's why we've developed a unique Meeting Guide. It offers a wealth of practical advice and useful tips to make organising your conference or meeting as simple as possible. It also has helpful worksheets so that you don't forget those important little details that make all the difference.

So send off for our free Meeting Guide today.

Please send me a copy of the Holiday Inn Meeting Guide ☐  
Please have a Holiday Inn Meetings Professional meet me ☐

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Company: \_\_\_\_\_  
Industry: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ Postcode: \_\_\_\_\_ Country: \_\_\_\_\_  
Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Send coupon to Holiday Inn Worldwide, Marketing UK,  
Heathrow Boulevard IV, 11111 Road, Wall Drayton,  
Middlesex. UB7 0DQ, UK.

**Holiday Inn**  
STAY WITH SOMEONE YOU KNOW.

FOR YOUR FREE COPY OF THE MEETING GUIDE, CALL TOLL-FREE AUSTRIA: 0043 720 11111 BELGIUM: 0032 20 77 77 DENMARK: 0045 33 33 33 FINLAND: 00358 9 999 GERMANY: 0049 5315131 IRELAND: 00353 155 155 ITALY: 0039 77999 7799 JAPAN: 0081 3 3333 3333 NORWAY: 0047 800 11 SPAIN: 0034 91 19 19 SWEDEN: 0046 793 793 SWITZERLAND: 0041 11 75 75 UK: 0800 897 121 FAX INT: 00 666 666

John 10:1-20



# FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Monday April 18 1994

## Disaster at Gorazde

Saturday was a black day in the history of both Nato and the United Nations - the two institutions on which it had seemed possible to build some semblance of world order after the cold war. The debacle at Gorazde is a disaster for Bosnia - one more, after so many. It is a catastrophe for Unprofor, the UN protection force in the former Yugoslavia.

Many reputations will be tarnished. Those special envoys who last week were uttering optimistic statements about ceasefires and compromise solutions are left looking irredeemably foolish. A sadder casualty - given the hopes that had been raised by his efforts until last week - is the reputation of Unprofor's commander in Bosnia, General Sir Michael Rose.

For two months General Rose's energy and ingenuity, backed by an apparently firmer sense of purpose among his political masters, had made it seem as if Unprofor was actually capable of carrying out its mandate, and even as if that mandate was clear and coherent. But in truth the mandate remained contradictory.

It was often asserted, not least by General Rose himself, that Unprofor was a neutral peacekeeping and humanitarian operation, authorised to use force only in its own defence. Given the size and nature of the units composing it, that was perhaps the only realistic way for its commanders to interpret their mandate. But that interpretation ignored many paragraphs in the relevant UN Security Council resolutions, which authorised the use of force not only to ensure that humanitarian aid reached the people who needed it, but also to defend the so-called "safe areas".

It also ignored the political context in which those resolutions were passed, which was one of worldwide outrage at the violent dismembering of a state.

The world at large has not wavered in its judgment that the principal aggressors are the Bosnian Serbs, aided and abetted by Serbia. The Security Council has

imposed very tough sanctions on Serbia, and the "safe areas" it proclaimed were all places still held by the Bosnian government, but threatened by the Serb advance. It is hardly surprising, therefore, that the Serb forces regarded Unprofor with intense suspicion, especially whenever its commanders showed signs of taking their mandate seriously and being prepared to use force to carry it out.

Perhaps if General Rose had been given the extra troops he asked for, he might have succeeded. As it was, the Serbs called his bluff, and he underestimated the gravity of their challenge until it was too late. Then Nato provided "close air support" at his request, but this was not enough even to protect the "safe area" of Gorazde and its population. Only a much more intensive air bombardment of Serb forces could have affected the military outcome, and for this there was no stomach either in national capitals or at Unprofor HQ.

Logically there are now only two options left. One is for Unprofor to be called out and the Bosnians left to fight their own war, with weapons and perhaps also air cover from sympathetic outsiders. The other is for Unprofor to be massively reinforced and equipped to fight.

Neither option is likely to be adopted. The Serbs are in a position to make Unprofor's withdrawal very difficult, and few western governments will be prepared to take responsibility for the likely immediate consequences for Bosnian civilians, who for better or worse have come to depend on the UN humanitarian relief effort. But governments will be even less willing to contemplate an all-out war with the Bosnian Serbs. The sad probability is that Unprofor will stay, becoming ever more constrained in its relief role and in effect serving to ratify the results of Serb aggression. The reality of the new world order is proving very different from the prospectus offered in 1990-91.

## Latin America

It is a long time since a senior US official has advised Latin American governments to do what they can to strengthen trade unions. And it is a far cry from the Reagan and Bush years when that same official argued that markets alone, without governments, cannot bring prosperity.

Yet this was the message of a powerful speech by Mr Lawrence Summers, the US Treasury under-secretary, to the Inter-American Development Bank last week. His words, if put into action, would have profound implications for Latin America and other developing regions. They also contain some risks.

Regional development banks such as the IADB were, he said, "as important to the new world order as the regional security organisations were to the old one", as the challenge of defeating communism had been replaced by that of sharing prosperity.

The development banks certainly have much to recommend them in helping to address social problems that threaten regional prosperity. On its own, however, throwing money at social problems will not work. Nor is there any one blueprint for success in confronting them. And if it goes too far in emphasising government action on social issues, there is a danger that the US administration could help to reinforce rather than to remove obstacles to reform in Latin America.

As Mr Summers himself implied, Latin American governments can now begin to address social challenges only because of

their improved macroeconomic management and market-oriented reform programmes. The first priority for governments attempting to address unequal income distribution is to tackle inflation which daily widens the gap between rich and poor. As Brazil shows, governments cannot even think about social programmes while suffering four-digit annual inflation.

The risk is that the emphasis on social issues will raise conflicts which play into the hands of those wishing to block further necessary reforms. Most Latin American countries already have strong labour laws (though they are unevenly applied) which inhibit competitiveness and benefit those with jobs at the expense of the unemployed. Public-sector trade unions continue to impede reform of bureaucracies, health and education systems.

More ominously, the new American emphasis on social issues has parallels with its stance on labour and environmental standards in trade negotiations. Developing countries may ask what lies behind these arguments. Is the US really worried about conditions of workers in Peru or is it looking to hobble competition from poorer countries?

Some of these concerns can be alleviated by the multilateral approach described by Mr Summers. But Washington must take care not to impose its ideas on Latin America. Otherwise, its new drive for social justice in Latin America will be seen as a covert means of pursuing the perceived commercial interests of the US.

## Beauty's riches

It is a truth universally acknowledged - and almost as widely resented - that beauty rarely goes unrewarded. But it has taken the ingenuity of academic economists to put a price on what the world's oldest profession always knew. In a paper for the US National Bureau of Economic Research, Messrs Daniel Hamermesh and Jeff Biddle have found that plain people earn 5 to 10 per cent less than people of average looks, while average-looking people earn 5 per cent less than those who are good looking.

This seems hard on the ugly. Yet those who believe that market forces reflect people's marginal value to society will no doubt say: tough but just. The followers of Friedrich Hayek will, on the other hand, pay a backhanded compliment to the physiologically disadvantaged by declaring that there is no moral merit or demerit attaching to rewards in the labour market. Yet both these camps, which tend to belong on the intellectual right, should be on their

guard for a leftist backlash. As long as nobody attempted to quantify the adverse impact of the haphazard distribution of natural endowments, it was possible for us to live with nature's decision. But now, with the advent of the "lookism" of Einstein, exceptional talents on Pavarotti and a super superstructure on Marilyn Monroe. But with researchers producing extensive physical and economic data from household surveys, we may shortly confront a powerful new interest group seeking redress for physiological shortcomings. Mainstream opinion will demand compensation through the tax and benefit system. The left will want subsidies for cosmetic surgery. A suitable euphemism for ugly - homely? - will be sought.

There is, of course, a better way. Average-looking people cannot be expected to pay taxes for those of ill mien. A hypothecated tax should therefore be levied on the beautiful in favour of the ugly. The important thing is that beauty must not pay.

**I**t is mid-morning in Manhattan and a pudgy 15-year-old boy is playing video games in an amusement arcade just off Times Square, the main roads of bright lights, sexual sleaze and tourist tat.

A team from New York City's new anti-truancy police squad accosts the child, orders him into a van, and detains him for 30 minutes on suspicion of skipping school.

A crackdown on classroom absenteeism may not be one of the weightiest reforms of the Giuliani administration, yet it is a symbolically significant one. The city's first Republican mayor in 20 years is taking the unruly metropolis by its collar and trying to shake it into greater self-discipline, both fiscal and social.

Mr Giuliani, who has just celebrated his first 100 days in office, has been a whirl of policy initiatives - in sharp contrast to the reactive style of his Democratic predecessor, Mr David Dinkins. New York's first black mayor, whom Mr Giuliani narrowly defeated in last November's election.

The mayor's reform programme, designed to avert a looming budget crisis and reverse deterioration in the city's "quality of life", has four main elements.

The first is a crackdown on crime under a tough new police chief, Mr William Bratton. For example, police officers on the beat can now arrest drug dealers, rather than leaving this to special narcotics squads. The anti-truancy patrols are designed in part to pinpoint juvenile criminals, whose numbers are growing disturbingly.

Second, the mayor wants to reform the school system, which suffers from declining standards, crumbling buildings and rising student violence. While vital, this is a complex task on which he has yet to formulate clear policies. His initial goal - to cut education bureaucracy so more money can flow to schools - is only a partial palliative.

Third, he wants to create a more business-friendly climate, and has made a modest first step by proposing small cuts in the corporate tax burden. Finally, he is trying to end that longest running of New York's woes - the city's recurrent budget crisis - with a reform of its finances, privatisation of services and an efficiency drive.

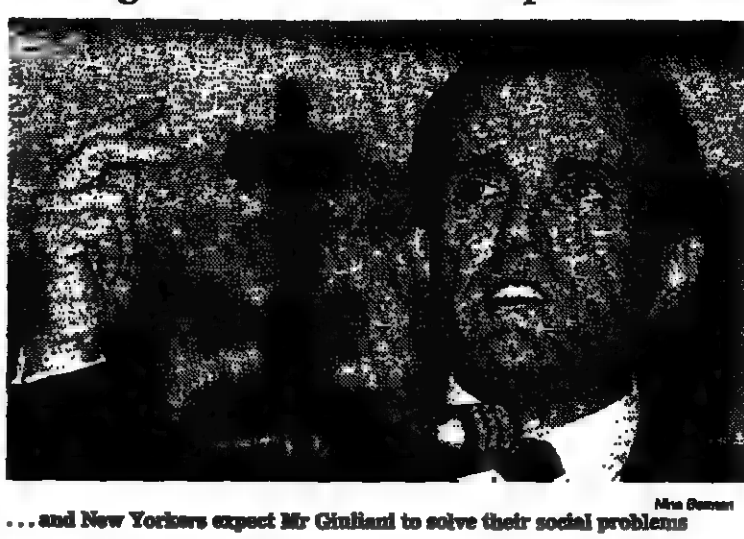
His immediate task is to bridge a potential \$2.3bn budget gap in the year beginning July 1. His plan includes cutting the municipal workforce by 15,000 and wringing productivity out of the unions; consolidating various government departments; and selling off at least four municipal hospitals, 85 petrol stations and a television and radio station. He is also trying to get New York state to assume a fairer proportion of Medicaid, which provides healthcare for the indigent and is one of the largest and fastest growing budget items.

# Spicy recipe for the Big Apple

Martin Dickson assesses the impact of Mayor Giuliani on New York's long-running financial and social problems



There are many poor in the city...



...and New Yorkers expect Mr Giuliani to solve their social problems

The business community sees the budget package as a good start, though some critics argue the mayor has been insufficiently radical, particularly in shielding from cuts the heavily staffed fire and police services, which backed him strongly in November's election.

Mr Dean Mead, of the Citizens Budget Commission, an independent watchdog agency, says the package "holds promise. I don't see anything in it that is going to change dramatically the economic climate of the city, but it is the beginning of that process".

But along the way, the mayor has stirred up controversy. Many New Yorkers say he has not demonstrated the skills of diplomacy and political compromise needed to run the world's most polyglot city smoothly over the long haul.

For Mr Giuliani, a 49-year-old former US attorney who made his name in the 1980s with the zealous prosecution of New York drug dealers, mafiosos and Wall Street insider traders, his impetuous, pouring personal scorn on politicians and

The strength of this approach was shown at the start of this month, when he pressurised the normally bellicose municipal unions into accepting voluntary redundancies. Its weakness was underlined a week later, when his interference and highly respected head of the schools system briefly to resign.

The new mayor is walking a fine line. As the first Republican since the mid-1970s, it's very important that as soon as possible he be seen as mayor of all the people of the city. There are still a lot of racial tensions in New York.

How Mr Giuliani manages this balancing act could have a profound impact on the future of New York, for he has come to office at a delicate point in the city's history. Its mounting social and financial problems could mean a slow but inescapable economic decline, while solutions to them could prompt revival.

New York is not alone in its problems. Many large cities face budget crises, high crime, an alienated black underclass and a flight of business and the middle class to the suburbs. Nor is it alone in electing a reformist, market-oriented mayor. Over the past year cities as varied as Los Angeles and Jersey City voted in Republicans in place of their traditional Democrats.

However, New York does have unique features which set it apart from all other US cities, both exacerbating its problems and offering long-term strengths.

On the positive side, the compact nature of Manhattan, its reliable subway system and its cultural attractions means that it has not suffered too badly from "white flight" to the suburbs. At the other end of the income spectrum, New York remains its urban core, with immigrants, who have revitalised

civil servants who cross him.

"I think he's off to a good start," says Mr Felix Rohatyn, the veteran banker who helped save the city from a more serious financial crisis in the mid-1970s. "It's very important that as soon as possible he be seen as mayor of all the people of the city. There are still a lot of racial tensions in New York."

How Mr Giuliani manages this balancing act could have a profound impact on the future of New York, for he has come to office at a delicate point in the city's history. Its mounting social and financial problems could mean a slow but inescapable economic decline, while solutions to them could prompt revival.

New York is not alone in its problems. Many large cities face budget crises, high crime, an alienated black underclass and a flight of business and the middle class to the suburbs. Nor is it alone in electing a reformist, market-oriented mayor. Over the past year cities as varied as Los Angeles and Jersey City voted in Republicans in place of their traditional Democrats.

However, New York does have unique features which set it apart from all other US cities, both exacerbating its problems and offering long-term strengths.

On the positive side, the compact nature of Manhattan, its reliable subway system and its cultural attractions means that it has not suffered too badly from "white flight" to the suburbs. At the other end of the income spectrum, New York remains its urban core, with immigrants, who have revitalised

**'New York's immigrant-driven culture has given it a ragged energy reminiscent of the turn of the century'**

But he also needs to talk softly, if he is to win the co-operation of the Democrat-controlled city legislature and municipal agencies.

The first real test of the administration's effectiveness will come this spring as Mr Giuliani tries to build a consensus in the legislature for his budget cuts. His predominantly white constituency needs to build bridges to the city's minority communities, particularly the black 25 per cent of the popula-

## Contracting margins

Andrew Taylor on the gloom among UK builders

year, while the number of people placed with construction companies almost doubled that of the corresponding period last year.

Yet in recent weeks, as chief executives have announced profit figures for last year, their accompanying comments have been almost universally pessimistic. The reason is less the size of their UK order books than the low prices at which they are winning contracts. These leave little or no margin for profit.

Mr Martin Laing, chairman of John Laing, blames low margins on contractors with high borrowings which need a regular flow of cash payments to meet interest charges. He also says that banks and institutional shareholders which, he says, support "entrenched contractors" and add to "damaging over-capacity in the construction industry."

His company, which announced a

57 per cent rise in 1993 pre-tax profits to £12.3m, estimates that over-capacity in the industry is running at about 30 per cent. In contrast, building materials companies have been much more successful in cutting capacity.

Over-capacity has led to a fall in prices at which contractors win jobs, by 22 per cent since 1989, but list prices for building materials and labour have risen by 21 per cent according to E.C. Harris, the construction cost consultancy.

Some of the difference between tender prices and costs will have been made up by claims for additional payments to meet "unforeseen" design changes which traditionally arise after contracts have been signed. E.C. Harris also says there is evidence of a pick-up in construction tender prices of about 2.5 per cent since last summer.

Even so, margins are likely to remain paper thin, with increases

in the prices charged by building materials producers and suppliers likely to offset any rise in tender prices. Even if tender prices were to rise sharply they might affect published earnings figures for another two years or more because of the time lag before profits from projects are included in accounts, says Sir Brian Ellis, president of the Building Employers Confederation.

Lead contractors are also being squeezed on another front. Part of their profit comes from advance payments from customers. These are held on account, earning interest, until they are passed on to subcontractors. Falling interest rates could reduce this income. As in many industries, sub-contractors are plain about the length of time it takes for main contractors to make payments - another sign of cash problems.

Laing's forthright comments banks' support for weaker

companies have angered some rivals. Concerns about over-capacity, however, are shared by senior executives in other companies. Sir Alan Cockshaw, chairman of Amec, the international construction company which last year made pre-tax profits of just £21m on a turnover of £2.1bn, says the industry is in need of rationalisation.

Some are better placed than others, however, for instance, which are leading the sector out of recession. Sales are rising and margins have begun to improve as prices increase and builders use up expensive land bought in the late 1980s.

There is nevertheless concern that land prices, which have risen by up to 50 per cent in the south-east during the past 12 months, could slow the pace of future recovery. Public spending cuts, particularly on roads, could also restrict growth in the industry.

Given these concerns, there can be little surprise that building companies, which have outperformed the FT-SE-100 All-Share Index by more than a fifth in the past 12 months, have looked more vulnerable in recent weeks.

## Gurria's career

All those Wall Street houses assiduously courting José Angel Gurria, Mexico's chief debt negotiator through the 1980s, will have to call it a day - for now.

The flamboyant former finance ministry official, who has graced many a headlines since he was wrapped up in the debt negotiations in 1980, has signalled that his considerable ambitions are currently focused on the domestic political scene. Over the weekend, he bowed out as head of the state development bank and joined the ruling Institutional Revolutionary Party as secretary for international affairs.

Battling along after the assassination of its presidential candidate Luis Donaldo Colosio, the PRI faces a plummeting stock market and rising interest rates. So there's no doubt it needs an effective spokesman to calm foreign concerns about Mexico's future.

Fluent in at least four languages, the invariably good-humoured Gurria has charmed scores of financiers over the years. But even he, with his remarkable ability to sell a story in the worst circumstances, may be hard pushed to promote the PRI effectively.

If he succeeds, and the party wins the August election, the prize should be a top job in the next administration. If not, the streets

of Wall Street will surely beckon once again.

## Swingers

Meanwhile, senior New York economists already involved in the trendy discipline of emerging markets seem to be about as unpredictable in their movements as the economies they follow, to judge by the welter of recent job changes in the sector.

Larry Bratner, who advised commercial banks during their negotiations with Latin American debtors of the 1980s, is quitting Goldman Sachs for pastures new at Chase Manhattan, where he is to be the bank's first chief emerging markets economist.

One of the most senior Latin American specialists in New York, Jim Nash of J.P. Morgan, is heading for Nomura, to take over its emerging markets effort. Arturo Porzecanski recently left Kidder Peabody to run emerging markets research at ING Bank in New York. And Frank Fernandez has quit Merrill Lynch's research group.

As in the markets themselves, do you lose on the roundabouts what you gain on the swings?

## OBSERVER



just like the rest of the accountancy profession, has been caught covering a trifle foolishly behind the letter of the law. The 1993 accounts fail to provide a cash flow statement because, as a note explains, the LSCA is defined as a small company, which is exempt from the requirement to comply.

## Michael who?

The decision to prevent political journalists from enjoying a libation on the Terrace of the House of Commons has thrown an unaccustomed spotlight on Michael Martin. As chairman of the

Commons catering committee, Martin is behind the decree that will allow MPs to wine and dine by the Thames this summer free from the prying eyes of the press.

Perhaps fearing an increase in their bar bills, senior Labour figures were hastily blaming the ill-conceived ban on the Tories. It had obviously eluded them that Martin has represented the Labour constituency of Springburn in Glasgow for the last 15 years. But then the 48-year-old MP's only other claim to fame is that he was once an aide to Denis Healey.

## Hopping mad

Is France limbering up for candidacy as a semi-detached member of the European Union? One might be forgiven for thinking so after the French delegation's antics at last week's signing of the Gatt agreement, which made the normally belligerent Brits look like positively model European citizens.

French industry minister Gérard Longuet's first task in Marrakesh was to break ranks with his fellow Europeans by presuming to speak for all 12 countries during private talks with Mickey Kantor, President Clinton's special trade representative. Next, he insisted that EU governments append their names separately, instead of signing and sealing the great document "en bloc" as previously agreed.

The final straw was when Longuet provoked an emergency

## In for a penny

Defending the Irish punt following sterling's exit from the ERM cost the Irish government an estimated £350m, equivalent to about half its 1993 borrowing requirement, it emerged recently.

So it comes as less than a complete surprise that Maurice Doyle, the Irish central bank president who played a prime role in formulating exchange rate policy during the crisis, will not be running for a second term of office.

Finance minister Bertie Ahern, now mulling over a shortlist of candidates to take on the job from the end of this month, had been especially careful to praise Doyle's "great professionalism". But last Friday, introducing a new five pound note, an Irish Ahern rounded off his speech by thanking Doyle for his "sterling service to the bank and to the nation".



## A township waiting to explode

Patti Waldmeir joins South African peacekeepers on patrol in Umlazi

Major Julius Lloyd stands in the machine gun turret of an armoured personnel carrier as we tour the dismal shacks and "matchbox" houses which cling precariously to the steep green hillsides of Umlazi township outside Durban.

Imperceptibly, we cross the front line of the Umlazi township from an African National Congress neighbourhood where men sit outside drinking and women hang laundry, to an identical Inkatha Freedom party area, where life goes on in much the same way.

All that changes is the facial expressions: in ANC areas, where Maj Lloyd and his 41st Parachute Brigade troops are peacekeepers, there is a calm on every pair of lips; in Inkatha areas, where the troops are an occupying army, the ANC, an averted glance, pointed indifference, sometimes hostility.

Maj Lloyd uses the futility of his situation to try to make his job as unproblematic as possible. The "Casspir" armed personnel

carriers patrol Umlazi day and night under the state of emergency imposed in South Africa's Natal province in the run-up to the country's first all-racial elections next week.

"We come into a place, always with a big force, and all we do is suppress the violence. But the violence is just waiting for us to leave again. It's all just waiting to pop up again," says the man who commands the "parabats" (short for parachute battalion), a veteran of similar operations in the warring East Rand townships near Johannesburg.

His troops have succeeded in restoring short-term stability in the township since their deployment under the state of emergency. Public transport has returned after a violence-induced stoppage, and "the children play in the streets again". Indeed, they are out in force as we patrol the township in the brown SADF Casspir, begging for sweets from the soldiers' "rat (ration) packs".

The troops have seized a number of illegal arms at roadblocks and with the aid of tip-offs. But the scale of the problem is vast: Maj Lloyd reckons everybody in

Umlazi has at least one firearm; and although nobody really knows how many live in its densely packed 60 square kilometres, most estimates top 200,000.

Maj Lloyd believes both sides simply buried their arms caches when the SADF arrived, and will unearth them once it, inevitably, leaves again. He says the perpetrators are careful to ensure that the areas where arms are stashed are kept free of violence, to avoid attracting the attention of the security forces. Any big operation to search caches - whether in the townships or the Inkatha-controlled hostel - does not seem to be on his immediate agenda.

The SADF is still able to pick up firearms, mostly homemade, at roadblocks: because homemade arms are easier to conceal (until assembled, they simply look like lengths of pipe), people do not bother to bury them. But factory-made arms are largely kept out of circulation.

Maj Lloyd recognises that the SADF's popularity might wane if it started raiding ANC arms caches, putting ANC "self-defence units" out of action.

Instead, the troops are universally popular in ANC areas because they are viewed as fairer than the South African Police's Internal Stability Division (riot police) and the police force of the Inkatha homelands, which Umlazi forms part. Both are accused of siding with Inkatha, and even participating in Inkatha raids on ANC areas.

With the troops around to prevent possible bias in the security forces, and to discourage fighting, stability can probably be guaranteed around polling time.

But South Africa's politicians regularly ignore the message that short-term palliative for the problem of Natal. Without the use of huge numbers of troops - beyond the capacity of the SADF to provide - the Natal conflict simply cannot be crushed. Thick bush, irregular terrain, densely packed housing, all make it difficult to pursue suspects whom the community wishes to hide.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

## Watanabe challenge fades as coalition parties bury differences

### Hata favourite for Japanese premier

By William Davidson in Tokyo

Leaders of Japan's fractious coalition have agreed a deal to bury the differences between them and to focus on the way for the selection of a new prime minister early this week.

The deal, which was agreed after a meeting of the coalition parties, aims to finalise the agreement on foreign and economic policies, and field Mr Taro Hata, the foreign minister, as the coalition's candidate for prime minister in a parliamentary election.

A rival bid for the leadership by Mr Michio Watanabe, a former foreign minister who has defected from the opposition Liberal Democratic party, is unlikely to succeed.

Watanabe, however, hinted yesterday that he would support the new government.

"There is a definite agreement taking shape and it is natural to ask Mr Hata," said Mr Yoshiki Ichikawa, secretary-general of Komeito, the Buddhist-backed Christian Government party, one of the most powerful groups in the coalition.

Mr Hata, 62, is a member of a majority because he has the support of all parties in the previous government. That includes the Harbinger party, which threatened Mr Hata's chances last week by saying that it did not want to participate in the new coalition.

ment would bring an end to 10 days of bitter wrangling provoked by the resignation of prime minister Morihiro Hosokawa over allegations of financial impropriety. The row has undermined the realignment of Japanese politics, prompting another round of elections from the LDP and deepening a split between the coalition's right and left wings.

The 10-point outline would commit the new government promptly to enacting the current year's budget, pushing up with economic deregulation, increasing indirect taxation and holding the next general election under the new electoral system, implying that the next poll is to be at least six months away.

On foreign affairs, Japan should follow United Nations policy on North Korea, and take "necessary precautions" in the draft says a reference to possible UN sanctions over that country's refusal to allow full inspections of its nuclear sites.

The outline, which has been criticised in the Japanese press for merely papering over the cracks in the government's policies. The Democratic party, the coalition's largest and most quarrelsome partner, continues to oppose a rise in indirect taxes and a soft line on North Korea.

Political profiles, Page 10  
Call of the Buddha, Page 10

## UBS held suspected drugs money

Continued from Page 1

applied in January for permission to buy her house near Geneva.

As with every foreigner, Swiss authorities checked her background and bank references. With the help of drug traffickers, she had been able to buy the house as the wife of Mr Julio David, sought as a leading drug trafficker in Colombia.

On February 23, Mrs Arana was arrested by Swiss police and the account frozen. On Friday, charges were filed in Miami against the couple for smuggling more than 65,000 lb of cocaine and 3m lb of marijuana into the US from 1978. Mr Nasser David is still at large, and the US is seeking Mrs Arana's extradition.

The UBS vice-president who opened and handled Mrs Arana's account has been questioned and is being questioned by Swiss police. The Swiss Bankers' Association has launched an inquiry.

account has been questioned and is being questioned by Swiss police. The Swiss Bankers' Association has launched an inquiry.

The big question among Swiss banking community is how UBS, renowned as the most cautious and meticulous of banks, could have failed for so long to have spotted trouble in the Arana account.

According to the authorities, she opened it in 1978 with a \$50m deposit. UBS said it carried out its normal identity checks which showed the family had extensive shipping and hotel interests in Colombia, so there was no reason to suspect anything untoward.

"Not every Colombian is a potential money-launderer," says Mr Stephan Haeringer, a UBS director. However, UBS said

that the account manager must have been very naïve.

Swiss laws and regulations on money-laundering were tightened in the late 1980s. Analysts were asking why UBS, which has a 100-strong internal audit team, did not pay special attention to accounts from places such as Colombia and Sicily with known links to drug smuggling.

Apparently, not much effort was required. A Zurich reporter says that even the children in the Nasser David's home town of Barranquilla were aware of the alleged drug links. The bank says the account has been virtually inactive for many years, so there was no reason for suspicion.

"The manager's superiors asked questions and got appropriate answers," UBS said. "We are now checking to see if we have to change our procedures."

## China set for 11.5% growth

Continued from Page 1

domestic investment funds in a further attempt to reinforce central controls over an unruly financial sector and channel domestic savings towards the purchase of government bonds.

China's Business Weekly reported that about 10 funds had been established with about Yn4.5bn (\$517m) each. Only one had been approved by the central bank.

China is relying on the sale of some Yn15bn of treasury bonds in fund the new domestic market which is expected to reach Yn67bn. It also has heavy service obligations.

The move on investment funds will not affect foreign-related investment.

## THE LEX COLUMN

### Earning credibility

The not-so-new format for reporting company profits has now had a year to bed in. In general, the system is working well, but the abolition of extraordinary items has had the expected effect of making reported earnings more volatile. Investors still want to get a picture of underlying company performance. Most use the Institute of Investment Management Research standard as a guide. It excludes from earnings those capital items which have no impact on continuing operations, but includes costs which are related to mainstream businesses.

The underlying earnings picture is still less easy to spot, and investors are looking for other ways to track company performance. In part, that is what the reforms were intended to achieve, since investors had come to rely too heavily on a single crude measure. Earnings are a proxy for distributable cash flow, and if the proxy is failing it makes sense to look at cash directly. More estimates of future cash flows are being produced, and there is a good deal of work going into discounted cash flow modelling. There is also some attention being paid to dividends, since although they do not provide much information about companies' growth prospects, they do hint at management's confidence about the future.

Perhaps the most interesting line of attack, however, is in deconstructing analysts' models of company profits to assess where the risks of errors lie. Correctly identifying whether earnings are likely to be higher or lower than consensus forecasts is the kind of deeper analysis which should make institutions nervous.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

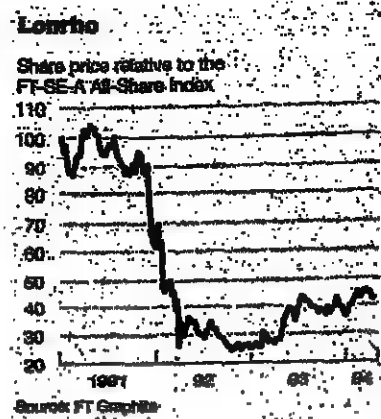
Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.

Only politicians, not armoured cars, can penetrate this morass; if they do not do so, Umlazi's fragile stability will prove short-lived.



tional transparency provided by its weighty prospectus - have helped Lounho's shares outperform the market since the turn of the year. Assuming a share price for Ashanti of \$80, Lounho's holding would be worth around \$450m - more than its total market capitalisation in the dark days of 1992.

If investors now turn their attention to Western Platinum of South Africa, Lounho's share price may have further to run. Like Ashanti, Lounho's other large mining investment is a low-cost producer with the promise of rising production. As with gold, a rising metals price cannot be relied upon. Political risk will also be a worry until the turmoil surrounding the South African elections has passed. Then it will be up to Lounho to prove that it can make its assets sweat more effectively than in the past.

### Globex

The Chicago Board of Trade's decision not to participate in the restructuring of Globex appears to cast a long shadow over the futures trading system. Paradoxically, however, the withdrawal of the world's biggest futures exchange may yet turn out to be Globex's salvation. The unhappy relationship between the system's partners has dogged its development. Reuters will at least be relieved that that uncertainty has been resolved.

There is only likely to be a small loss of terminals as a result of CBOT's move. Despite its size, CBOT accounted for just 5 per cent of Globex's transactions. But CBOT's withdrawal may ease the fears of other exchanges concerning Globex's govern-

nance. Now that a new agreement is being drawn up, other exchanges, such as Liffe and the DFE, may be tempted to sign up to the system - especially if it is able to offer a bond contract. That may be sufficient to give the network critical mass. The experience of Matti has already shown that Globex is a technical success.

The big uncertainty is whether the concept of a round-the-clock, round-the-world futures trading market is a valid one. Even if it succeeds, Globex will take a long time to catch on. The financial impact on Reuters is only likely to prove marginal either way. Reuters has already written off its investment in developing the network. The healthy progress of Instinet and Dealing 2000 is likely to mask any further disappointment.

### Sweden

Sweden takes a leaf out of the UK's book this week with its first auction of index-linked government bonds. It is tempting to conclude that the fashion is spreading, although previous attempts by Canada and Australia to get index-linked markets going have not been conspicuous.

Sweden has spent some time preparing its issue, but the suspicion is that the timing is determined by a combination of the high cost of fixed-rate borrowing and a heavy funding requirement. The budget deficit is more than 11 per cent of GDP; after last year's heavy recourse to overseas markets, the authorities are now focusing more on domestic investors.

Since Swedish inflation is 2 per cent, the yield on 10-year bonds is more than 8 per cent; the government may consider index-linked borrowing is attractive. The issue is in some ways a statement of defiance. It can be seen as a signal that the markets are wrong to mistrust the authorities' determination to keep inflation down.

The chances are that the SEK20bn of 20-year paper on offer will find a home among domestic buyers, including institutions seeking to match their longer-term liabilities. Lack of liquidity may deter international buyers, even though there is a theoretical trading appeal. Since the Swedish paper will carry no coupon, its value will be particularly geared to changes in real interest rates. And since real yields in Sweden have risen strongly in the recent bond market shake-out, the chances are that they will soon be coming down.

**FT WEATHER GUIDE**

**Europe today**

The British Isles will be mainly dry, but a small disturbance will bring rain to Scotland and northern Ireland. Much of the continent will be cool. The north-west will be mainly dry except for Poland and Germany which will have showers. Countries around the western Mediterranean will be unsettled with falling temperatures and showers. Eastern Europe towards Hungary, Romania and the Ukraine will be much cooler with heavy rain. Turkey will have a very warm day with temperatures 30C in some areas, but there will be a risk of thunder showers in the afternoon.

**Five-day forecast**

A deepening low will bring rain to the British Isles and milder temperatures to the north-west continent. Later in the week rain will move across France and Benelux towards Scandinavia. Spain, Italy and southern France will stay unsettled and rather cool at first, but conditions are expected to improve towards the end of the week. Most of the Mediterranean will remain sunny and warm.

**TODAY'S TEMPERATURES**

Abu Dhabi	36	cloudy	26	Caracas	30	Edinburgh	12	Madrid	15	Panama	35
Accra	33	cloudy	28	Cairo	31	Faro	11	Manila	32	Rangoon	28
Algiers	23	cloudy	19	Chengdu	19	Frankfurt	11	Mexico	20	Seoul	18
Amsterdam	11	cloudy	15	Chicago	11	Glasgow	11	Montreal	11	Singapore	32
Athens	25	cloudy	24	Cologne	11	Hamburg	11	Nairobi	18	Sydney	21
Atlanta	27	cloudy	24	Dallas	11	Helsinki	11	Osaka	18	Taipei	21
B. Aires	17	cloudy	12	Dubai	35	Hong Kong	28	Perth	18	Tokyo	12
Buenos Aires	11	cloudy	8	Dubai	34	Kuala Lumpur	27	Prague	17	Toronto	18
Bangkok	35	cloudy	37	Dublin	12	Lisbon	18	Stockholm	17	Wellington	16
Barcelona	17	cloudy	20	Dubrovnik	18	London	11	Switzerland	18	Winnipeg	17
						Luxembourg	11	Vienna	16	Zurich	17
						Lyon	11	Warsaw	16		
						Madrid	11	Washington	16		

**Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteorological Service of the Netherlands**

**WARM FRONT** **COLD FRONT** **WIND SPEED IN KPH**

**Lufthansa**  
German Airlines

**BEST TIME**

**BEST PLACE**

**WEST LANC**

**TELL ME WHY WEST LANCASHIRE IS BEST FOR BUSINESS**

**FRED McLENAGHAN**, The West Lancs Project, 1 Westgate, Pennylands, Skelmersdale.  
West Lancashire WN8 8LP Telephone: 0695 50200 Fax: 0695 50122

NAME \_\_\_\_\_

POSITION \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

TELEPHONE \_\_\_\_\_

**WEST LANCASHIRE**

**The Best North West**

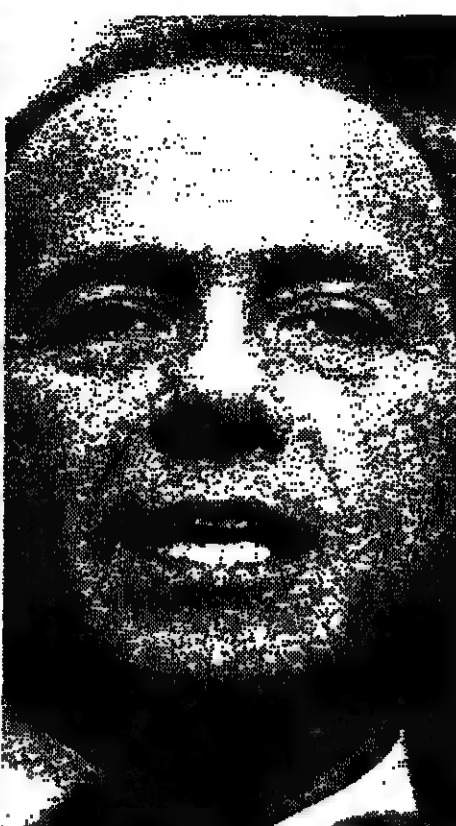
APR 18 1994



# Weekend FT

SECTION II

Weekend April 2/April 4 1994



## A prima donna's great performance

For the nation that invented opera, the sudden emergence of Silvio Berlusconi as star of Italian politics seems only natural. As in opera, the staging and music have been all important. The beauty of a libretto is masked easily by the magic of a prima donna's great performance. So, in Berlusconi's spectacularly successful election campaign, form triumphed over content, the package over the person, and the image over reality.

Italians like and admire the *bel canto* figure and do not always want to know how it is created. Berlusconi's was a superb performance. One in four of the Italian electorate voted for this self-made man whose media empire is the most powerful in Europe. Now, he looks set to become Italy's next prime minister after less than three months in politics.

Eugenio Scalfari, editor of *La Repubblica* newspaper and one of Berlusconi's most outspoken critics, described him this week as "the great seducer". And, indeed, Berlusconi's performance on the political stage has been an extraordinary act of seduction, turning a segment of the Italian public into a blind eye to his political qualifications and the more questionable side of his past. He concluded that the main reason for Berlusconi's success was his ability to convey the impression of "do-it-yourself politics" - that an

individual can take on the system. No one could have imagined six months ago that Berlusconi, a non-politician, would probably be Italy's next leader at the head of a newly-formed political movement, *Forza Italia*. He was equally improbable to conceive the public embracing a movement with a name culled from a football slogan ("Come on, Italy!").

Berlusconi himself was at a crossroads in the middle of last year. His political friends were vanishing off the scene, discredited by the corruption scandals. His profitable near-monopoly over Italian commercial television looked increasingly vulnerable as politicians across the ideological divide sought to redraw the map of public and private television ownership. Berlusconi's *Fininvest* empire itself was floundering under a burden of debt caused by over-ambitious purchases during the boom of the 1980s.

When he formed *Forza Italia* last October, he seemed still to be playing the businessman, orchestrating a political challenge through existing politicians. Only at the end of January did he go public with his political ambitions. He declared: "I am telling you that we can... that we must build together for us and our children a new Italian miracle." Even then, too much seemed stacked against him. He talked of family values, rearing over the fact that he had gone through a messy divorce before taking a second wife. He talked of his faith in catholic

morality while his television stations pumped out cheap soap opera culture and a diet of big-bosomed titillation. He talked of free enterprise, ignoring the protected environment of much of Italian business from which he had benefited. He talked of reducing Italy's huge mountain of debt when his companies, like the Italian *Eni*, had grown on debt.

Above all, he appeared to have the terminal disadvantage of being associated with the *regime* - the clique of Christian Democrat

gained control of the channels, dominating commercial TV and providing access to 45 per cent of the national audience. Berlusconi's *Fininvest* was one group permitted such a near monopoly.

*Fininvest* came under the scrutiny of investigating magistrates in Milan who questioned his close ties with how the television licences were awarded up at the end of the 1980s. His younger brother, Paolo, was charged with corruption relating to a waste disposal contract. How, then, was Berlusconi

He worked assiduously to the image of Berlusconi the winner through Milan's *Inter* series of victories. He saw the Milan fans as his fans and played to them with well-staged appearances: landing at the stadium in his helicopter and turning up, dressed immaculately, for training sessions.

With hindsight, Berlusconi's critics overestimated the damage of being associated with his political past and underestimated his existing appeal among Italians, especially the young. During the

In other words, Berlusconi was not hurt by being seen as a traditional politician. On the contrary: in the one hostile television interview, he managed to make himself a victim in the eyes of his supporters. He claimed the interviewer had nothing on which to attack him except raising old chestnuts such as his friendship with Craxi.

He and his advisers realised, correctly, that after two years' stop-starts in one corruption scandal after another, Italy had been given an *amnesia*. Corruption had been replaced by concern over jobs and declining incomes as the people's main worry.

Indeed, Berlusconi did not raise the corruption issue during the campaign. And that was no impact on his brother, Paolo, who was arrested halfway through and admitted paying bribes for building contracts to develop a Milan suburb - even though Paolo was running the construction company owned by Silvio and the *Fininvest* went on to the early 1990s when Silvio was very much in charge. Nothing *off* the candidate.

The same applied to well-publicised leaks that *Marino Dell'Utri*, Berlusconi's long-standing friend and the brains behind his political bid, was under investigation for links with the *Mafia*. Although the information came from a highly respected former magistrate and head of the parliamentary anti-Mafia commission, Berlusconi turned this to his advantage and claimed his *amnesia* was using the *amnesia* apparatus to run a vendetta against him.

The campaign organisers also *amnesia* that people paid little *amnesia* to political polemics on television except for those provided by a handful of chat show hosts. Only these - not the politicians - were seen to articulate the problems of ordinary Italians. In his television appearances or at public meetings, Berlusconi avoided *amnesia* a *amnesia* and adopted the role of a chat show host, wandering across the stage with a microphone.

More importantly, Berlusconi - who had once written a thesis on marketing, and made his fortune out of understanding the advertising market - realised the value of targeting his *amnesia* with the right message. His *amnesia* the *amnesia* that ordinary people felt *amnesia* by Italy's long-ruling political establishment. This led to the formation of *Forza Italia* clubs, allowing the public to take part in the political *amnesia* in the same way that a football fan can follow his team through a supporter's club.

In less than four months, more than 13,000 clubs were formed nation-wide, organised through *Fininvest*. Here, the human and financial resources of *Fininvest's* advertising arm, *Pubblitalia*, and the empire's *amnesia* chain were invaluable.

The *amnesia* and the manner in *amnesia* Continued on page VII

One of his fiercest critics called him "the great seducer." Now, a media tycoon with no previous political experience seems very likely to become Italy's next prime minister. Robert Graham explains how the image triumphed over reality

and Socialist politicians who had presided over a politico-economic system that had become riddled with corruption. His *Fininvest* group grew on the back of political protection provided in Milan by the Socialist party and its leader, Bettino Craxi. He had also joined the *amnesia* masonic lodge of Licio Gelli, who had been linked with many of the obscure episodes of the past - such as the collapse of the *Banco Ambrosiano*.

Berlusconi enjoyed a very public friendship with Craxi; this helped in *amnesia* seal the unusual structure of television ownership in Italy. He able to present himself as both new and acceptable?

He started, he was a household name as "Mr TV". He was also responsible for one of the most easily *amnesia* stories in Italy. In 1977, he bought the ailing AC Milan football club and, with a series of expensive player transfers, turned it into a cup-winning team. "If one looks back now, the building up of the Milan team, with its high-profile international sign-ons, was the beginning of the construction of Berlusconi's political ego," says one of his former employees.

He was a household name - people identify with him easily," says Roberto Lesanga, his election campaign manager when it began. "He's now simply *amnesia* was not a politician and never pretended to be. He doesn't *amnesia* down to people like a politician. Instead, he *amnesia* people into his *amnesia* he talks *amnesia* who wants to put things right by entering politics."

### CONTENTS

Finance & Family: Beware of the tax wolf	III
Property: Time to see Rome and buy	XII
Gardening: Robin Lane Fox on flowering in the fast lane	XIII
Sport: John Barrett on the state of British tennis	XIV
Books: Carlo Ginzburg reviews John Updike's new novel	XV
Arts: Gerald Kaufman on Shakespeare and anti-Semitism	XVII



The crucifixion: resurrection and rebirth is discussed by JDF Jones and Jules Cashford

Arts	XV-XVI
Books	XV
Finance & Family	III
Food & Drink	IX
Gardening	XIII
Health	XVI
Journal Morgan	XVI
Michael Thompson-Moel	VII
Motoring	X
Paraphernalia	XVII
People View	XVI
Property	XII
Skiing	VII
Small business	XIV
Sport	XIV
Travel	XI

The Long View/Barry Riley

## Some hard facts of life



Good advice is the most valuable commodity in business. But the life insurance industry has insisted that it should be nothing. That, fundamentally, is why the life industry has got into the public relations mess.

This week, one of the biggest and most highly-regarded mutuals, Norwich Union, was forced to suspend its 800-strong sales force pending retraining to levels thought satisfactory by Lantoro, the life assurance marketing regulator. But it is only the latest in a string of top companies, including Legal & General and Scottish Widows, to face disciplinary action.

The industry is in the dock over the mis-selling of personal pension plans to people who would have been better advised to stay in occupational pension schemes or the state scheme, *Serps*.

Unfortunately, it is often true that exceptional growth in any industry leads to over-expansion and a *amnesia* in standards. Success breeds complacency and, ultimately, arrogance. By any reckoning the life assurance industry has been remarkably successful at collecting savings.

At the end of last year life companies held assets of more than £400bn, up fourfold compared with 10 years earlier. They are selling 6m new policies a year in the UK and collecting £35bn in premiums from individuals. Meanwhile they are paying out £30bn annually in benefits.

Historically the life industry received two main political favours for encouraging thrifty habits among the population. There was a tax incentive of about half the standard rate of income tax, called life assurance premium relief, and there was exemption from the investor protection laws introduced in the 1980s. Life company representatives could continue to sell door-to-door and they were not required to disclose policy costs and charges.

Nigel Lawson abolished LAPR almost

exactly 10 years ago but life business surged on regardless, only partly because new life policies were introduced to personal pensions.

The ability to conceal commissions and the selling costs was probably more important than the tax *amnesia*, and, since the mid-1980s, the industry has made efforts to introduce so-called "hard" disclosure. Various forms of soft disclosure have been conceded. But this month the regulators will unveil a formula for disclosure in cash terms at the point of sale, to be introduced at the beginning of 1995.

The ability of life companies to secure regular savings contracts has been crucial. They aim to persuade customers to sign up for periods, usually, of between 10 and 25 years. This is good business for the companies, ensuring their commercial stability and enabling them to implement long-term investment strategies. Such contracts are also arguably good for *amnesia* customers, not just *amnesia* discipline of a monthly instalment will cause them *amnesia* save more than they might otherwise do, but also because regular savings will effectively smooth out the investment risks.

Small investors tend to do badly out of non-contractual savings because they move out of building society deposits into stock market-related vehicles *amnesia* the wrong time of the cycle - producing, for instance, huge peaks in unit trust purchases in years such as 1987 and 1993, but low figures in years such as 1990 when shares were cheap.

However, people do not readily sign 25-year contracts. They have to be persuaded, usually by salesmen on a one-to-one basis, during visits to homes and offices. This is extraordinarily expensive (think of how much a plumber, say, charges to make a call) especially if the salesman is an expert in financial planning, which sadly few are - not at Norwich Union, certainly. A typical salesman only sells one or two contracts a week, and looks for a commission of hundreds of pounds on each.

At one time commissions were restrained by an industry cartel but this was broken by payments in the past few years have jumped. It has therefore become even more important to disguise the selling costs. Advice, Mr Prospect is told, is "free". However, the *amnesia* are deducted from his instalments over the first year or two, in what is called *amnesia* loading.

These marketing techniques have been very successful in generating business for the life companies. But they are now backfiring. This is because the intermediaries have a huge incentive to sell *amnesia* regardless of whether they benefit the customer.

Life companies are now agonising over how to overcome the effects of hard disclosure. It is likely that they will attempt to obscure the costs of commissions by spreading them over long periods. But that will not go down at all well with salesmen.

A probable consequence will be a further sharp decline in the proportion of long-term regular savings *amnesia* being sold. Already there has been a big swing towards single premium products.

The life companies will argue that the total savings *amnesia* will suffer from these changes, but it will also be true that savers will be less vulnerable to the crippling costs of terminating contracts which they should never have signed.

A structural *amnesia* in the UK's investment markets *amnesia* be expected however. Already flows into occupational pension *amnesia* have tumbled because those schemes are becoming more mature. Now the business of the life *amnesia* is becoming more *amnesia* in nature, and they may *amnesia* customers to other *amnesia* of institution *amnesia* as unit trusts. The securities markets could therefore tend to become rather more volatile *amnesia* the stabilising influence of the very long-term funds becomes *amnesia* apparent.

Of *amnesia*, private investors are given good advice they may avoid the pitfalls of panic buying and panic selling. But they will not receive that advice free.

## International Private Clients receive a special welcome at James Capel

Our experienced team of portfolio managers specialises in looking after multi-currency portfolios for international investors, their advisers and smaller institutions.

The International Portfolio Management service is available for clients with a minimum of US\$500,000 to invest, through London or the Channel Islands, in individual or situations dictate.

We have been at the forefront of the securities industry for over 25 years. Based in City of London, we have 27 offices on four continents and enjoy the backing of HSBC Group, one of the largest and most strongly capitalised banking groups in the world.

For further information, please contact Stephen Oakes, Investment Management Division, James Capel & Co. Limited, 7 Devonshire Square, London, EC2M 4HU. Telephone: 071-621 0011. Facsimile: 071-283 3189



James Capel

INVESTMENT MANAGEMENT

This advertisement is issued by James Capel & Co. Limited, a member of SFA and the London Stock Exchange.

Member of the Group



## MARKETS

## London

## Psychology gains the upper hand

Roderick Oram

If you want a nice, restful weekend, please turn the page.

Still here? Steel yourself for the chart on the right and some of the analysts' comments that follow.

Equities ■■■■ unimpressive turn for the worse this week in London and New York. Thus far in the markets' eight-week fall, most analysts had resorted to rational explanations: key conditions, notably US monetary policy, had changed; the markets would quickly accommodate and stabilise at lower levels, they argued.

But psychology ■■■■ now ■■■■ upper hand, squelching fundamentals. Falling share prices ■■■■ have gained an ominous momentum of their own. The rumblings are louder on Wall Street than in the City but the UK markets are still taking their lead from the US.

The FT-SE 100 index racked up ■■■■ points in ■■■■ closing at ■■■■. It has now given ■■■■ the entire 440-point gain since ■■■■

November's budget. ■■■■ prices, however, drawing some comfort from a successful auction ■■■■ floating rate bonds, ■■■■ little higher.

This ■■■■ prime time for pundits. ■■■■ Knight, Nomura's London strategist, ■■■■ the FT-SE 100 ■■■■ heading for 2,800. Robin Aspinall, ■■■■ Pan-■ ■■■■ Gordon, had been ■■■■ casting that ■■■■ since last November. "It ■■■■ a phenomenal ■■■■ only a ■■■■ Now ■■■■ doesn't."

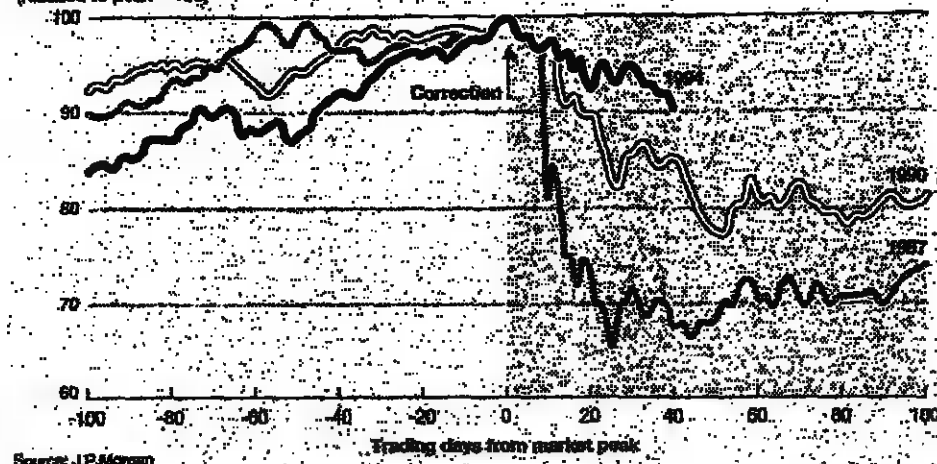
On Wall Street, ■■■■ Elaine Garzarelli, Lehman Brothers' influential equities analyst, ■■■■ the ■■■■ Jones industrial ■■■■ was only halfway through a 15 ■■■■ correction. Wall Street prices duly tumbled.

"Investors ■■■■ through ■■■■ phases in a ■■■■ market decline: complacency, concern and capitulation. We have just ■■■■ concern. Capitulation is ahead," ■■■■ Byron Wein, a leading US analyst ■■■■ Morgan Stanley.

Retail investors in particular

## Stock market corrections: is history a guide?

FT-SE 100 index (rebased to peak = 100)



Source: J.P. Morgan

are vulnerable to losing their nerve. On both sides of the Atlantic, they had sworn into equities as interest rates fell. Now rates are rising and equities falling, some will be tempted to preserve slender gains, or forestall further losses, by selling shares.

Stability has to be achieved at some point, but how far down is the bottom of the market? The accompanying chart shows what happened to the FT-A index of European stocks in the corrections ■■■■, 1990 and so far this year. Mark Howdle, chief European strategist at J.P. Morgan, does not believe the drop will be anywhere near as steep as 1987 when a financial bubble burst, or even ■■■■ Gulf War unsettled markets. But he ■■■■ the current bottom could be another 5 to 10 percentage points below here. The pattern is instructive.

About a month into a downturn, stock markets usually manage a feeble rebound, then continue to fall for another month or two. After that, they bump along for many more months trying to build a firm enough psychological and fundamental base from which to rally.

Aspinall, one of City's most irascible bears, agrees with the pattern but believes the bottom will be even lower. He has long advocated that the run up in stocks last year was liquidity driven. Now that the "cascade of cash" is dwindling, stocks have a long way to retreat. "Valuations are still too high in my view of the world. Low inflation and low growth are not good news for equities."

Those analysts trying to hang on to fundamentals point, for example, to the 4 per cent historic dividend yield which the Footsie will offer if it falls ■■■■ 2,900. But ■■■■, they admit, a change in psychology would ■■■■ before ■■■■ equity buying resumes.

"It's ■■■■ a horrible quarter," said Mark Tinker, an equity strategist ■■■■ Capital. What equities need is a firm gilt market to stabilise them.

This support could materialise in the coming weeks when institutional investors begin to implement their second quarter strategies. Pension funds, for example, are likely to find attractive gilts near 8 per cent yield. "If gilts can provide a prop, the equity market can go back to concentrating on fundamentals and its own dynamics."

The most dramatic turn of the week within equities came

## Serious Money

## Proof of truth in an old wives' tale

Gillian O'Connor, personal finance editor

Here is some good news for anyone cringing at their new tax burden. April is the best month of the year for buying shares. It is a particularly good month for oil shares. But you ought to be thinking of ditching your cyclical shares over the next couple of months. And then, in June or July, you can start nibbling at consumer shares again.

There is just one little catch before you pull out your wallet. These exhortations are based on typical stock market behaviour since the second world war. But these trends do not always hold true, and this year could always be one of those exceptions that prove the rule. Certainly, February and March have been atypically bad for shares.

You have been warned. Now, back to the seasonal theory. The best known popular tag about the stock market is probably "Sell in May, and go away". Sophisticates scoff at such old wives' tales. But Nick Glyndon of Credit Lyonnais Laing, who has spent years researching post-war investment trends, has produced what looks like solid proof that this particular tale has more than a kernel of truth.

The basic seasonal pattern is remarkably similar regardless of the period chosen: 48 years, 30 years or just the past 10. Share prices start the year strongly, top out in May, either fall or mark time during the summer, and pick up strongly again in November/December. The new year surge has been even more pronounced recently, ■■■■ even flatter summer doldrums and a sharper pick-up at the end of the year. What makes the tenacity of the seasonal pattern all the odder is that the fundamental explanation for it has ceased to exist. Once, it could be rationalised by looking at a farming calendar. After the harvest, farmers were rich and flooded the cities with cash, so interest

rates fell and stock prices rose. In summer, they needed to borrow until they could harvest their crops and sell their animals, so interest rates rose and stock prices fell.

None of that remains relevant. What is more, the seasonal effect appears to manifest itself in most of the other major world stock markets: Wall Street, Tokyo, Frankfurt and Paris.

There are slight variations. The US, for instance, tops out slightly later than Britain, but only by a few weeks. The only relatively sizeable markets that break the mould are New Zealand, which is a bit freakish, and Mexico, which currently stays strong in all seasons.

So, should you rush out and fill your boots with oil shares? Only if you have other reasons for doing so. Even the men who research these seasonal investment ■■■■ caution investors against following ■■■■ blindly. They are ■■■■ additional ■■■■ for investment decision-making, ■■■■ ■■■■ ■■■■ investment system.

□ □ □

From old wives' tales to the spicy modern world of derivatives. Financial adviser Hargreaves Lansdowne is launching its first unit trust. Not one to skulk in the shadows, it is starting its new incarnation as a unit trust manager with a warrant fund. The firm's 30-year-old investment director, Michael Scott, reckons he knows more about warrants than most people.

Warrants give you the right to buy a security at a particular price over a certain period. The warrant is, intrinsically, parasitic: it has value only if it enables you to buy the security at less than its market price. If the market price of the underlying security rises, the market price of the warrant rises even more steeply. If it falls, the warrant falls faster. And if you

fail to use your right to buy before the end of the warrant's life, it expires valueless.

In the right conditions, you can make a lot of money from warrants if you get it right - and vice-versa. Until the market fell back earlier this year, the climate had been ideal for warrants: almost anyone who owned them made money just by sitting tight as a rising market made them steadily more valuable.

The climate could well be less propitious over the next few years. If you want to make money in a static or falling market, you need to trade actively and catch companies on the turn. This is a challenging but essentially risky game. Is this a good time to be buying units in such an immensely speculative trust from a novice unit trust management group? It is impossible to give a definitive answer yet. But it is possible to state categorically that the only investors who should even consider such a fund are those rich enough to be able to afford to write off most of this investment if it comes to the worst.

The promotional literature describes the fund as being "only for the adventurous". Unfortunately that kind of "warning" often tempts precisely the kind of investor it should deter.

□ □ □

Another tax regime, another tax trap. Most systems for collecting tax seem to penalise certain types of taxpayer almost accidentally. Our tax checklist on page 11 is drawn, deliberately, with a very broad brush. But it is still possible to see something nasty happening to people who get the married couple's allowance and have incomes between £27,145 and £28,855. The increase in the tax bill rises almost vertically at that point. Another, lesser, jump blights people ■■■■ between £21,940 and £22,950.

## HIGHLIGHTS OF THE WEEK

	Price	Change	High	Low	
FT-SE 100	3086.6	-42.8	3520.3	2971.5	Political concerns
FT-SE Mid 500	3762.9	-22.3	4152.3	3610.3	Profit-taking
■ ■ ■ ■ Aerospace	485	-22	584	458	■ ■ ■ ■ financial share rise
■ ■ ■ ■ BP	346	-24	408	322	■ ■ ■ ■ OPEC increases oil price
■ ■ ■ ■ Radio	111	-18	138	93	■ ■ ■ ■ bid for ■ ■ ■ ■ Radio
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	388	-14	384	392	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	675	+42	725	625	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	800	-28	801	798	Zenith competition concerns
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	607	+23	659	559	Share buy-back ■ ■ ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■	-15	435	■ ■ ■ ■	Weak properties/£145m ■ ■ ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■	-37	637	■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	577	+27	753	496	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	538	-11	640	■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■	+22	118	37	■ ■ ■ ■ from Capital Radio
■ ■ ■ ■ ■ ■ ■ ■ ■ ■	333	+15	338	121	■ ■ ■ ■ ■ ■ ■ ■ ■ ■

## AT A GLANCE

## April stockmarkets

FT-SE 100 index (1985-88)

103.5

102.5

101.5

100.5

100

99

98

97

96

95

94

93

92

91

90

89

88

87

86

85

84

83

82

81

80

79

78

77

76

75

74

73

72

71

70

69

68

67

66

65

64

63

62

61

60

59

58

57

56

55

54

53

52

51

50

49

48

47

46

45

44

43

42

41

40

39

38

## Silver surges

LBM cash price (pence per troy oz)

600

550

500

450

400

350

300

250

200

150

100

50

0

1982

1983

1984

1985

1986

1987

1988

1989

1990

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

2026

2027

2028

2029

2030

2031

2032

2033

2034

2035

## Whatever you do, don't say b\*\*r in public

Asked on national news on Wednesday what was wrong with the stock market, the investment analyst smirked at the camera and said "It's a four-letter word that begins with a 'b' and ends with an 'r', and we're not allowed to say it in public."

Wall Street may not want to talk about it, but traders and investors are having to confront the possibility that the stock market is in serious trouble.

As of midday on Thursday, the Dow Jones industrial average had fallen almost 300 points, or 7.5 per cent, since the Federal Reserve raised short-term interest rates for the second time on March 23. ■■■■ the same period, the broader Standard & Poor's 500 index had dropped 27 points, or six per cent.

By midday Thursday, ■■■■ Dow was trading more than 10 per cent below its all-time high of 3,978.35, which ■■■■ achieved only as recently as January 31.

The ■■■■ declines have come ■■■■ the background of a disturbing deteriora-

tion in investor ■■■■ - an indefinable, incalculable, but extremely important ingredient in the market's ■■■■.

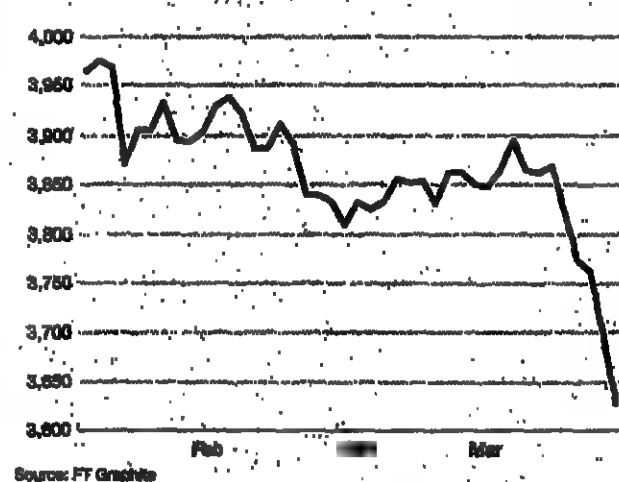
While there have been plenty of ■■■■ to ■■■■ investors lately - new revelations in the ■■■■ affair and fresh political unrest in Mexico, Korea, the Middle East and South Africa - no one piece of news has prompted the big sell-off.

Fingers have pointed ■■■■ the Fed's monetary policy-tightening 10 days ■■■■, but a quarter-point ■■■■ in the still low level of 3.5 per cent hardly warranted the big decline in share prices seen ■■■■ the Fed's move.

The fact that ■■■■ heavy selling cannot be blamed on a single news event worries analysts, because the gloom that has descended on investors lately is the sort that cannot easily be lifted.

Moreover, the downward spiral in prices is not easily halted. The further prices fall, the more depressed investors become, and the more likely they are to decide to sell stocks so they can put their funds into the relative safety

## Dow Jones Industrial Average



Source: FT Graphics

of cash instruments.

Two big Wall Street brokerage houses, Smith Barney Shearson and ■■■■ ■■■■ Reynolds, recommended during just that week, when they advised clients to lower stock holdings in their portfolios to 50 per cent and raise ■■■■ cash holdings accordingly.

Ultimately, if there is a single ■■■■ behind the sharp declines and weakening senti-

ment it is increasing long-term interest rates. Since hitting a low of just under 5.5 per cent ■■■■ ■■■■, long-term rates, as measured by the yield on the benchmark 30-year government bond, have risen to 7.11 per cent.

That ■■■■ in rates has ■■■■ driven by growing concern about inflation among bond investors, who ■■■■ that although inflation ■■■■

low now, the acceleration in economic activity seen since the latter half of last year will push inflation to much higher levels before 1994 ends.

Whether these fears are justified or not (and a strong case can be made that, because of productivity improvements and a global disinflationary trend, the US inflation rate, currently at 3 per cent, will remain low over the long-term in spite of the strengthening economy), the impact of rising interest rates on investor sentiment has been profound.

The impressive gains in stock prices between 1989 and 1993 were primarily caused by falling interest rates, which persuaded millions of individual investors to take their money out of short-term cash assets, such as certificates of deposit and money market assets, and put it into equities. Share prices, on an upward path throughout that period, only served to ■■■■ the flow of funds into the stock market.

Now that interest rates are rising, and share prices are falling, individual investors are starting to think twice about whether the stock mar-

ket is the best place for their money. Yet, the latest figures show that while the flow of money into stock ■■■■ funds is slowing from last year's high levels, more money is still going into the stock market via funds than is leaving.

This suggests that investors, while ■■■■ by the rise in interest rates, are still keeping faith with ■■■■ market. How long that faith holds, is the big question.

So where does the market go from here?

No one, of course, really knows, but there are essentially three views.

Either, stocks are nearing the end of a 10 per cent "correction". Or, they are in the middle of a 15 per cent "correction". Or (and this is the bit that Wall Street does not want to think about), share prices are at the start of a long-term b\*\*r market.

Patrick Harverson

Monday	3576.35	- 12.38
Tuesday	3599.02	- 63.33
Wednesday	3626.75	- 72.57
Thursday	3636.96	+ 5.21
Friday	Closed	

It knew best, they asked, how was it going to sort out Pillar?

The Caradon management admits readily that, with so much going on at the corporate strategic level last year, it might well have taken its eye off the ball in the basic business.

UK building product volumes rose 9 per cent, as the market began to recover from recession, but prices fell 1 per cent, leaving turnover up 8 per cent.

Operating profits barely were changed at £35.4m (£35.2m), although much of the lack of growth could be put down to problems in bathrooms where the troubles at Spring Ram led to pricing pressures. Nevertheless, forecasts are still for a large rise in present-year profits to £200m or more from 1993's £132.2m excluding exceptional.

Chief executive Peter Jansen will not be drawn to make forecasts, but agrees that "it would go very hard with us" if earnings per share were not enhanced by the Pillar deal.

Maggie Urry

## A mad March for equity investors

Will April run true to form? Normally it is the best month of the year for investors in the UK equity market, although it is usually bad for financial shares. March this year was a pretty awful month for equity investors, with share prices 6.5 per cent lower on ■■■■ FT-SE-A ■■■■ index, though only ■■■■ per ■■■■ on the FT 30 index.

## Speculators' silver lining

The silver price has been heading for the skies as speculators



# FINANCE AND THE FAMILY

## How the tax wolf will claw your door

From next week, many taxpayers will face hefty new bills. Here, we look at who pays — and how much

Next week, higher taxes are going to hit almost everyone. Our ready reckoner helps you to work out your situation. Each graph allows you to calculate roughly how much more tax you will pay each month on one key item of income or spending. Get a

reading from the graph and fill in the relevant line in your personal tax checklist at the bottom. Then, add up all the increases and decreases (if you are lucky) and you will have a fair idea of how much richer or poorer you will be.

### YOUR TAX CHECKLIST

Once you have calculated all the relevant items from the graphs, working out the total increase in your monthly bill is easy. Take, for example, a single person of 35 earning £40,000 a year, with a £60,000 mortgage at 8 per cent, a newish company Audi and a fuel bill of £800 a year. Each month, he pays £17.67 more income tax, £10 more in mortgage interest, £28.90 more in car benefit, and £5.33 more in fuel tax. That is a total of £61.90 extra a month.

How much poorer will you be? ☐ per month

How much extra income tax will you pay? ☐ (+/-)

How much more will your mortgage cost? ☐ (+)

How much more will you pay for fuel? ☐ (■)

If you have a company car, will you pay more/less? ☐ (+/-)  
Add if you pay more, deduct if you pay less.

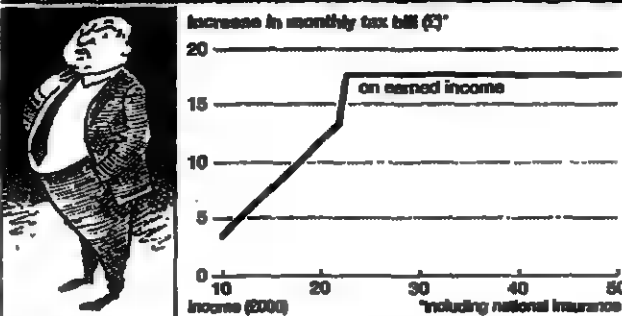
Do you draw a state pension? ☐ (+)  
If so, deduct the monthly rise.

Your total extra tax bill  
Now, pour yourself a stiff drink.

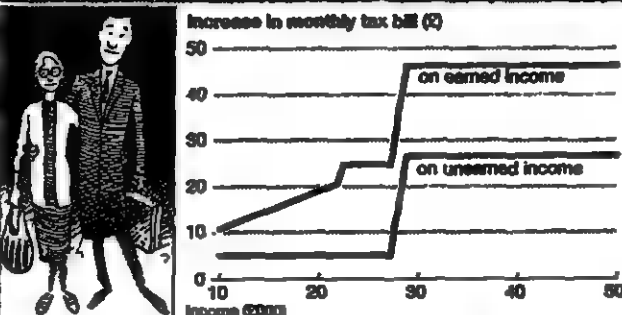
Our thanks for advice on tax to: Touche Ross, W.F. Corroon and Andrew Radice.



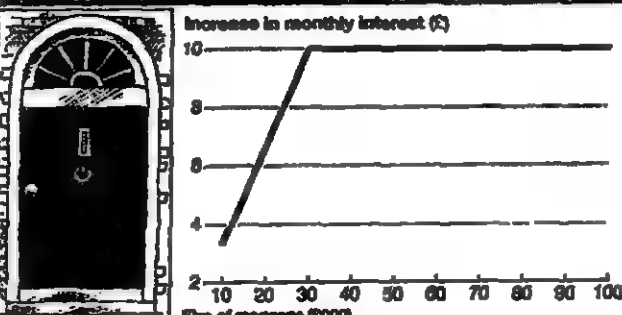
### Single person: income tax increase



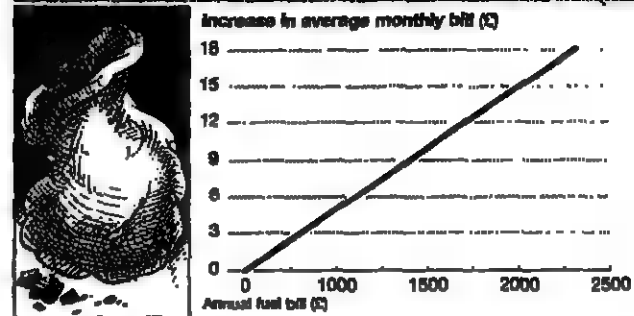
### Married person: income tax increase



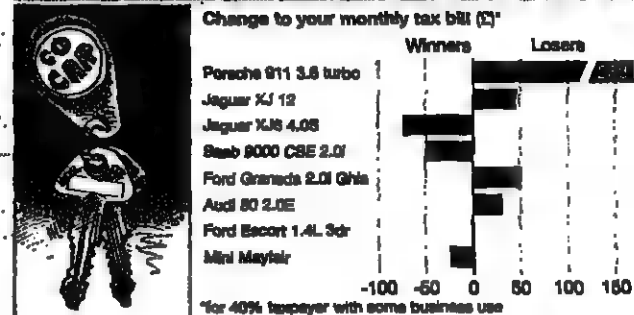
### Mortgage: increase in repayments



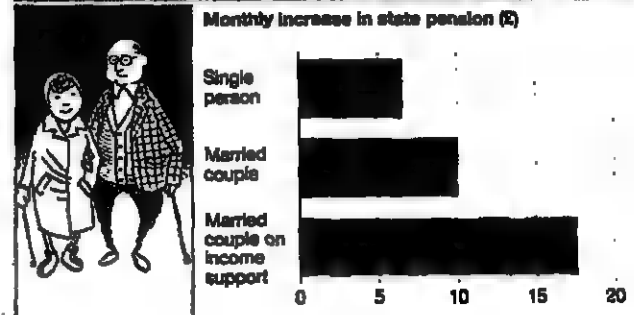
### Fuel added at VAT



### Company cars: winners and losers



### Pensioners: winners for once



## Morgan Grenfell European Growth Trust.

	Since launch	Over 5 years
Morgan Grenfell European Growth	£3,909	£2,578
European Sector Average	£2,112	£1,896

## No.1 in Europe.

### CONSISTENT EXCELLENT PERFORMANCE

The Morgan Grenfell European Growth Trust is the ☐ performing European Growth Trust in its sector over the last five years as well as since its launch on 11th April 1988.

An investment of £1,000 invested at launch would now be worth £3,909\* representing a compound annual return of 26%\*, significantly outperforming the average European Fund.

### INVEST NOW

Against a background of falling ☐ and economic recovery, ☐ expect European stocks to generate substantial growth in the medium term and the Morgan Grenfell European Growth Trust and European PEP are ideal ways to take advantage of the wealth of European investment opportunities.

For further details please ☐ your Financial Adviser. Alternatively call us free today on **0800 282465** or complete the coupon below.

To: Morgan Grenfell Investment Funds Ltd.,  
1 Finsbury Circus, London EC2M 1UT.

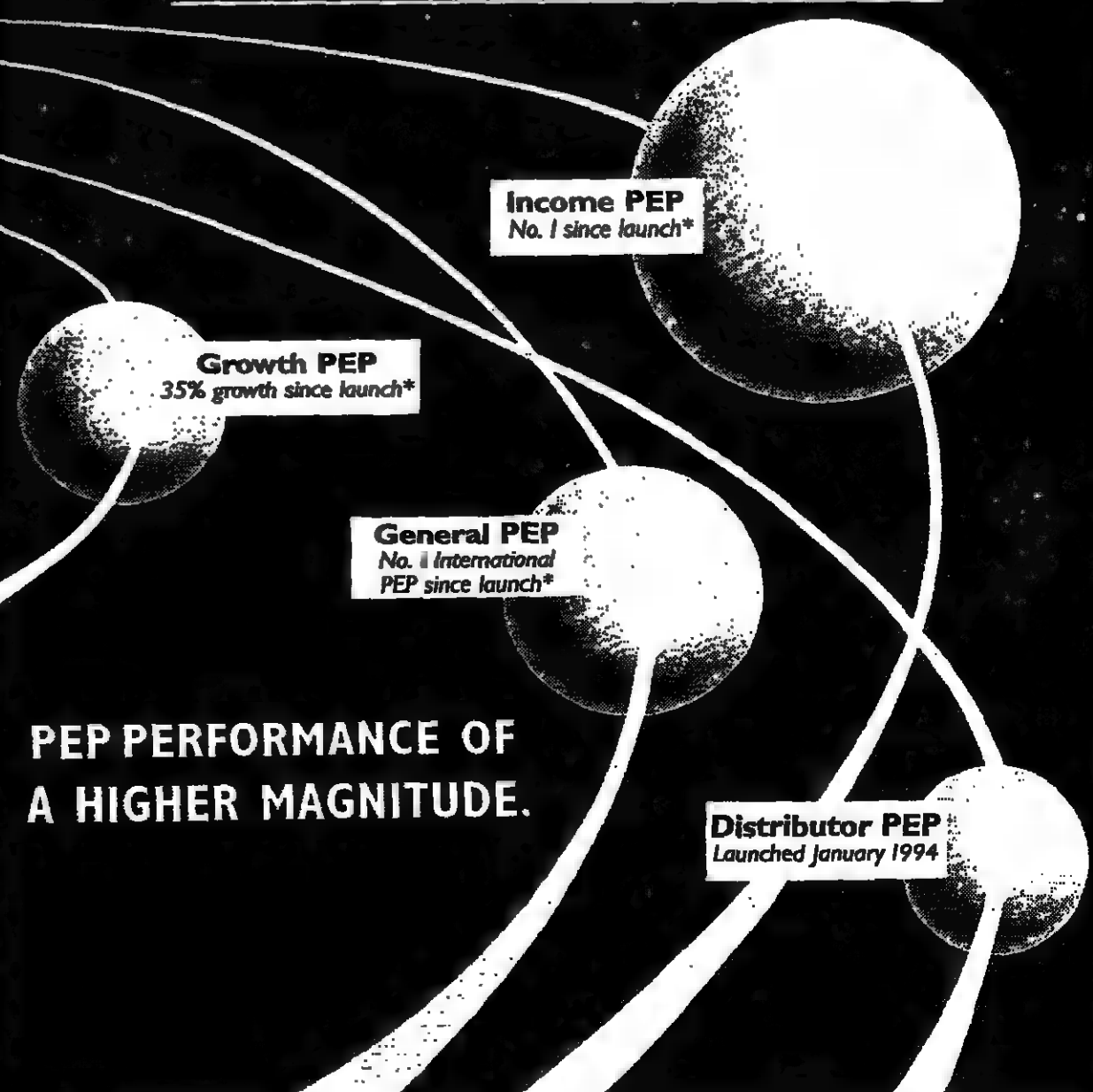
☐ send me further details of the  
Morgan Grenfell European Growth Trust ☐  
Morgan Grenfell European Growth PEP ☐

Full Name   
Address   
  
Postcode



\*Source: Microcap offer to bid, net income reinvested since launch (11.4.88), and 1.38p to 1.39p.  
Please remember that the value of units and income from them may fall as well as rise (the result of exchange rate fluctuations), and the investor may not get back the original amount invested. Tax rates and reliefs are those applicable at time of printing and may be subject to change. Their value will depend upon individual circumstances.  
Past performance is not necessarily a guide to future performance.  
Morgan Grenfell Investment Funds Ltd, 20 Finsbury Circus, London EC2M 1UT. Member of IMRO, Morgan Grenfell Investment Funds Ltd is an appointed representative of Morgan Grenfell Unit Trust Managers Ltd which is a member of IMRO, LAUTRO and the AUIF.

## NEWTON



Newton is an independent investment house with a single, simple purpose in life: to increase ☐ real wealth of our clients. The ☐ 1 performance since launch of ☐ Newton Income and General PEPs ☐ evidence of ☐ achievement. For more details of our PEP performance, call ☐ free, on ☐ 000 at any time. Or clip the coupon.

1993/94 PEPs AVAILABLE UNTIL 5th APRIL  
To: Newton Fund Managers Limited, 71 Queen Victoria Street, London EC4V 4DR. Please send me details of the Newton PEP range.

Name

### Performance above and beyond

\*Source: Microcap/Daily Telegraph PEPGuide, figures to 1st March 1994 from launch (Income Fund, 1/5/85; General Fund, 2/4/80; Growth Fund, 1/12/92) on an offer-to-bid basis including gross income reinvested. Growth figures for Income PEP over five years: 126%. Prevailing tax levels and reliefs are liable to change and their value will depend upon your individual circumstances. The value of units and the income from them can go down as well as up and investors may not get back the full amount invested. Past performance is not necessarily a guide to the future. Issued by Newton Fund Managers Limited, a member of IMRO, LAUTRO and AUIF.



## FINANCE AND THE FAMILY

# The pig-headed way to lose your money

Why do people hold on to failing investments, asks Helga Drummond

Imagine buying £1,000 worth of shares on Monday and discovering on the Friday they are worth only £600. Do you hold them or sell and move on? Unless there is real hope of recovery, the wisest decision is to cut your losses. Yet many people prefer to continue with a failing investment, sometimes eventually losing everything as a result. What causes such irrational behaviour?

Such irrational persistence is known as the "pig-headed" and a prime cause is believed to be an investor's emotional attachment to his initial outlay. Instead of accepting the situation for what it has become, his attention is fixed upon restoring the initial £1,000.

More than money could be at stake, though. Few people care to cut their losses in the eyes of others, including their stockbrokers and accountants. They will go to extraordinary lengths to avoid admitting failure by seeking out information that confirms their preconceived views while ignoring anything that contradicts them.

The "pig-headed" attitude of investors is interpreted as a failure of rationality. Every further price fall is seen as a temporary setback. Even when the price never recovers, people may in fact be maintaining their faith in their own judgment.

Yet, since human capacity to digest and analyse data is extremely limited, even with the aid of sophisticated computers, significant pointers may be overlooked in the sheer mass of reports, commentaries and analyses.

Irrational persistence may be aggravated if loss is accompanied by strong feelings of disappointment. This leads to the "pig-headed" attitude where investors' initial expectations are high. Advertisements create high hopes deliberately by promising "pure growth" and the "miracle of the stock market with none of the risks."



Such propositions are not only alluring in themselves - their more subtle effect is to distract investors' attention from hard statistical data which might qualify the prospects trumpeted.

The most hazardous advertisements are not the banner proclamations, however, but the soberly-presented textual statements. For instance: "Investment for high rewards can never be risk-free and some of our recommendations don't work out..." The impact of... disasters can be mitigated by operating a 20 per cent stop loss rule. We have found from long experience that when a share price drops by 20 per cent after we have profiled the company, they are best sold... If losses are confined to around 20 per cent while profits are unlimited, the odds on overall success are improved.

The effect of such a relatively sophisticated approach is to make the investor feel sophisticated. Note how an atmosphere of candour is created by the admission that some investments fail. The aim of such a disarming statement is to gain the reader's confidence.

The next step is to imbue the prospective investor with a sense of control via the "stop loss rule". Note this facility is not expressed as a "stop loss option" (which, basically, is what it is) but a "rule". The very word heightens the investor's feelings of power and ability to command.

The advertisement then emphasises the company's expertise in decision-making.

possible 20 per cent... It is eminently reasonable and manageable while, simultaneously, dangling the possibility of glittering returns.

Instead of making a crude appeal to greed, however, the whole thing is couched in professional-sounding and euphemistic language such as "unlimited profits" and "overall success".

The financial services industry is replete with people claiming expertise. Expert power succeeds because the investor believes the adviser is acting in his interests.

So potent is this power that a person will believe an "expert" despite being almost certain he is wrong. Professed expertise, therefore, can lead an investor seriously astray. Besides, even financial advisers of impeccable integrity are susceptible to escalation. So, seek advice by all means - but maintain vigilance and let your own judgment have the last word.

Feelings of potency can be created easily by the unscrupulous. The signs of manipulation are easy to detect: they flatter the investor's judgment, decisiveness and emphasising previous successes. The problem is that since such observations are highly flattering, they stand a good chance of being believed. Pride does indeed come before a fall.

Helga Drummond, who lectures at the University of Liverpool's Institute of Public Administration and Management, is researching escalation in decision-making.

## The week ahead Troubles over?

Almost every UK reference last year to Invesco MIM, the fund manager, mentioned its record £750,000 fine from regulator Inra and its involvement in the Mirror Group pension scheme. The fine has been £1.1m and Invesco paid the Mirror trustees £1m in a settlement without admitting liability. Analysts say the group has cleaned itself up but results for last year, due on Thursday, are expected to reflect a struggle to retain existing institutional clients and attract new business. Most forecasts for annual pre-tax profits are in the £30m to £40m range, after an exceptional item of £11m for the Mirror pay-out, compared with £12.6m after exceptional last year.

Amec will on Thursday become the latest building and civil engineering company to announce annual results for 1993. Hit more than most contractors from its excursion into UK house-building, it is expected to have bounced back into the black with analysts forecasting pre-tax profits ranging from £22m to £25m. This compares with an £87.5m loss after provisions of £114.6m in 1992. Another indication of recovery in construction should come on the same day from Herndon Street, the UK's largest independent plant hire group. It is expected to report pre-tax profits of about £18m for the year to January 31, well up on the previous year's £12m.

### PRELIMINARY RESULTS

Company	Sector	Year	Pre-tax profit (£000)	Dividend per share (£)	Dividend per share (£)
Alexco	Finance	1993	12,000 L	1.00	1.00
Atlas Contracting Equipment	Eng	1993	10,100	1.00	1.00
Automated Security	Eng	1993	10,100	1.00	1.00
BLP	Eng	1993	10,100	1.00	1.00
Bardon	EdMa	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100	1.00	1.00
Barron	Eng	1993	10,100		



صلى الله عليه وسلم

FINANCE AND THE FAMILY

# The commission-hater

Chantrey Financial Services: 10th in a series on fee-based advisers

**D**avid Harris, the managing director of Chantrey Financial Services, has a dream. He would like commissions on the sale of financial products to "disappear off the face of the earth."

Harris says: "In general, the financial services industry has been brought up to think that any time spent will ultimately result in a product sale. I think that is at the root cause of all our problems. We have created a public relations image that is really appalling, and we have now got a very long road and a hard job to try to put it right."

Harris worked for a Canadian stockbroker before joining accountant Chantrey Vellacott to develop its fixed interest business. He also began to take over the investment portfolios of the firm's private clients. He founded Chantrey Financial Services (CFS) in 1986 as the investment and financial planning arm of the practice.

## The independents



Name of financial adviser:	Chantrey Financial Services Ltd
Address of head office:	10-12, Avenue Road, London WC8N 2BZ
Date firm was established:	1986
Registration:	Fund
Funds under management:	£25 million
Number of clients:	900 (including private clients)
Number of offices:	One
Major products offered:	Investment and financial planning services
Services offered:	Comprehensive tax, investment and financial planning services
Fees:	£55 to £200 per annum

The rigorous professional approach by CFS reflects Harris's own trenchant views on the manner in which independent financial advisers (IFAs) should conduct their business. From the start, it offered comprehensive financial planning, exclusively on a fee basis, and obliged its advisers to acquire qualifications as part of their employment contracts.

Fees are time-based and range from £35 to £150 an hour. Any commission received is related to clients or re-invested on their behalf. Harris says: "Everybody in CFS must produce an account statement daily, and this has to account for seven hours of client work. All that information goes into the main frame computer and is converted into a monthly print-out. I can analyse this and see who spent what time on a client's account."

Harris argues that the financial services arm of an accountancy practice should enjoy the best of two very different worlds. He says: "I am fully aware that there are people in the accountancy firm with more knowledge on tax than I have, and I don't think IFAs can give proper tax advice."

"Because of my investment background, there has always

been a leaning to put tax and investment planning together. It is very difficult to make an investment without a tax consequence; and, when an accountancy firm is looking at tax matters, the conclusion will often be an investment. They are entwined."

Harris concedes, however, that there is a clash of cultures between accountants and IFAs. His accountant colleagues sometimes have a jaundiced view of financial services, and it can be difficult to find financial advisers who operate comfortably within the framework of an accountancy practice. "You need someone who is technically competent, approachable, has the patience of Job but is also commercially aware," Harris says.

"On a day-to-day basis I am given a completely free rein, but I am also responsible to shareholders for the performance of the company. I am sure that a lot of clients probably see us as a department of the firm, and I think it is a measure of our success that we are named in the same breath as the tax practice." Some 90 per cent of the CFS clients come through the accountancy practice.

Chantrey Vellacott is the result of a merger between two firms (one dating back to 1789),

each with a rather different client mix. One practice concentrated on personal tax clients, with a particular emphasis on the legal profession, while the other dealt largely with successful family companies. These two strands are reflected in Harris's clients today; 20 per cent are lawyers.

**A**bout 40 per cent of the firm's income comes from investment management; 30 per cent from work on pension and derivatives; 10 per cent from personal or corporate financial services. The average investment portfolio is around £100,000 but no minimum is imposed: Harris says there is room for "Mrs Smith with £5,000".

"The starting point of my portfolio is always National Savings and Index-linked vehicles," he says. "Then, we look at the equity portion. We would always suggest an international spread. For the most part, the portfolios will tend towards investment trusts and units trusts and offshore funds." If clients want a direct exposure in equities, Harris uses stockbrokers with which CFS has connections. He says: "As a qualified person, we get some advice and valuations

free, so we are able to provide this added value for clients."

All client investments are managed on an advisory basis. "As an investment manager, there are times when I would be delighted to have discretionary funds," Harris says. "It would make my life much easier. But we believe that clients come to an accountant for advice, and that they then make their decisions on the advice he gives." Harris adds: "I think the clients trust us."

He is optimistic about the future of IFAs such as Chantrey but less happy about other developments in the financial services industry. "I am sceptical whether the proposed new Personal Investment Authority will work, and I think the IFA sector will be under-represented on its board. Ultimately, that must mean that the big banks and the life companies will have more and more significance."

"I believe firms such as CFS will have a niche if they do their business properly and would like to see that niche grow. But I am not terribly confident that we will not end up with a fee-paying sector only for high net worth individuals. I would be very disappointed if that happened."

Joanna Slaughter

# FT Asia-Pacific Telecoms Analyst

NEW NEWSLETTER

The Financial Times is pleased to announce the forthcoming launch of FT ASIA-PACIFIC TELECOMS ANALYST. Designed for senior management, this newsletter will provide a continuing, comprehensive insight into the major commercial developments taking place in this expanding telecommunications market.

FT ASIA-PACIFIC TELECOMS ANALYST will supply service providers, equipment manufacturers, analysts and financiers with the essential news and expert analysis needed to exploit the enormous opportunities that are emerging in the Asian telecommunications marketplace. And if you need to keep pace with the changing regulatory framework governing the region's telecommunication development, FT ASIA-PACIFIC TELECOMS ANALYST offers you an authoritative one-stop reference source.

The first issue of FT ASIA-PACIFIC TELECOMS ANALYST is published in May. Take advantage of our special pre-publication offer and receive the first issue free by returning the coupon below. Please either complete your details in full or attach your business card to the coupon. We will send full subscription details with your complimentary first issue as soon as it is published.

Please send me the first issue of FT ASIA-PACIFIC TELECOMS ANALYST with no obligation. I attach my business card (or fill in your name and address below).

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Country \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Please tick the boxes below if you would like to receive information on the following:

- ☐ Telecom Markets, the twice-monthly FT newsletter on telecommunications
- ☐ Mobile Communications, the twice-monthly FT newsletter on the business of mobile communications
- ☐ In Europe's telecommunications market
- ☐ FT Conferences on the subject of international telecommunications
- ☐ The FT management report "Asian Telecommunications": published shortly

FINANCIAL TIMES  
NEWSLETTERS

PLEASE RETURN THIS FORM TO: FT ASIA-PACIFIC TELECOMS ANALYST, FINANCIAL TIMES NEWSLETTERS, 3RD FLOOR, NO 1 SOUTHWARK BRIDGE, LONDON SE1 9HL. TEL: +44 (0)71 411 4414 FAX: +44 (0)71 873 3935

P.T. BUSINESS ENTERPRISES LIMITED REGISTERED OFFICE: NUMBER ONE SOUTHWARK BRIDGE LONDON SE1 9HL REGISTERED IN ENGLAND NUMBER 00285

GUINNESS FLIGHT

AWARD WINNING RANGE OF FUNDS

# TOP AWARDS FOR TOP PERFORMANCE.

LAUNCH DATE 6 APRIL 1994

**Best Offshore Investment Group for 1993**  
- Micropal

**Offshore Fund Management Group of the Year for 1993**  
- International

**Best Large Offshore Group Overall for 1993** - Micropal

**Best Offshore Fixed Interest Manager for 1993** - Micropal

**Currency Fund Management Group of the Year for 1993**  
- Investment International

**Best Large Offshore Group Overall for 1992** - Micropal

**Best Offshore Investment Group for 1991** - Micropal

**Offshore Fund Management Group of the Year for 1991**  
- Investment International

GUINNESS FLIGHT  
CURRENCY, BOND AND EQUITY FUNDS

Investor Services Department, Guinness Flight Fund Managers (Guinness) Limited, PO Box 250, St Peter Port, Guernsey, GY1 3QR, Channel Islands. Tel: 0481 712176. Fax: 0481 712065. Please send me further details on your range of offshore funds.

Title \_\_\_\_\_ Initials \_\_\_\_\_ Name \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_

Our performance is not necessarily a guide to the future. The value of these investments and the income arising from them may fall as well as rise and is not guaranteed. Based on Guinness Flight Global Asset Management Limited a member of Guinness and the investment adviser to Guinness Flight Global Strategy Fund Limited and Guinness Flight International Accumulation Fund Limited, both Guinness Asset Management Limited is authorised by the Financial Services Authority under the Financial Services and Markets Act 2000.

## Don't settle for less.

Global competition demands world-class business education.

Introducing a program that brings together middle and upper level managers from leading firms from different countries to learn both from each other and an internationally recognized faculty.



### The University of Chicago International Executive M.B.A. Program at Barcelona

- An intensive, part-time program of study at a highly-ranked business school.
- That started executive M.B.A. education for experienced managers in the U.S.
  - Where 4 faculty members have won the Nobel Prize.
  - That consistently ranks highly in surveys.
  - With an undisputed international reputation for both scholarship and innovation in teaching.
  - That is the same faculty that teaches in its U.S. program.

Starting in July 1994, the program involves 14 weeks of direct coursework over 18 months and includes an interchange of four weeks with participants in Chicago's U.S. Executive M.B.A. Program.

For information call, fax or mail your request to:

The International Executive M.B.A. Program at Barcelona  
The University of Chicago  
Graduate School of Business  
c/o Provenza 288, 3<sup>o</sup>  
08008 Barcelona, Spain  
Attention: Carmen Pi-Sunyer  
Tel: +34 3 487 2592  
Fax: +34 3 487 1955

In the U.S.,

The International Executive M.B.A. Program at Barcelona  
The University of Chicago  
Graduate School of Business  
1101 East 58th Street  
Chicago, Illinois 60637  
Tel: (312) 702-2191  
Fax: (312) 702-2225



FINANCE AND THE FAMILY

# Pioneers of pensions

**P**rovident Life and Professional Life pioneered the concept of non-commission pension plans and provided a blueprint for the modern pension contract. Far from being a simple pension plan, they have been joined by two recent entrants in the individual pensions market: Mercury Life and Invesco MIM. But when life offices are revealed full charges and commissions from January 1995 onwards, will they join the ranks of the pioneers?

Provident Life and Professional Life are both heavyweights in the pension market. Both Winterthur and Skandia are among the European top-20 life offices. Winterthur has an impressive top rating of AAA from Standard & Poor's.

At this time, however, most major providers are prepared to sell their pension plans on a non-commission basis. Under this system, though, it is difficult to check how much of the commission actually is re-invested in your plan.

With a genuine non-commission plan, if the adviser's commission is deducted from the client's premiums, this will appear as an explicit charge on the client's agreement. And the flexibility of non-commission products compares well with standard commission-based plans, since the charging structure is explicit and there is no penalty for reducing or stopping premiums.

A distinguishing feature of the two companies' plans is that, in addition to internally managed funds, they offer access to external fund managers. This allows the client to switch investment managers without the cost of changing to another provider.

Professional Life's charges include an annual administration fee of £1,000 on the first £5,000, reducing in stages to 0.25 per cent. The annual charge of the external fund manager ranges from 0.3 per cent (BZW) to 0.5 per cent (Morgan Grenfell). There is also an establishment fee of £2.50 a month for five years.

The plans normally are



the same year when launched in 1990.

The bulk of Professional Life's personal pensions are based on transfer plans, although a few are based on occupational schemes. Most clients switch from other providers to gain access to the range of external fund managers.

Provident Life's initial charge depends on the premium. For example, 1 per cent up to £10,000. The annual fund management charge is 0.25 per cent. There is also a set-up fee of £1,000 on regular premium plans, and a service fee of up to £200 a month.

Last July, following a disappointing period of in-house investment, Provident Life appointed Schroder to manage all but one of its equity-based funds. The impact of the external management has yet to be seen - but Provident Life's non-equity funds (property, fixed interest, index linked and money) are run in-house and have an excellent record.

Debbie Harrison

## FACT FILE 9

**Winterthur Professional Life**  
Status: Proprietary  
Founded: 1982  
Market position: Subsidiary of Winterthur Ltd, 19th largest insurance company in Europe by premium income.

**Financial strength:** Parent Skandia has 'adequate' Standard & Poor's assessment.

**Funds under management:** £22bn (at 31/12/93).

**Premium income:** 1993: £45bn (excl. pension income).

**Number of personal pension clients:** 25,000.

**Number of transfer plans sold:** 2,500.

**Sales outlets:** Consulting activities, chartered accountants and independent advisers.

**Commission split:** Either nil commission or explicit amount deducted from that premium.

**Recurring single premium contracts:** All products structured on recurring single premium basis.

**Expense ratios:** 1993: 0.25 per cent (excl. pension income); 1994: 0.25 per cent (excl. pension income); 1995: 0.25 per cent (excl. pension income).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Reductions in yield:** Equivalent annual percent change over the life of the contract: 0.7 per cent (industry average: 0.7 per cent).

**Investment manager selected:** 0.15 per cent on 25 year regular premium unit linked plan (industry average: 0.15 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Winterthur Professional Life**  
Status: Proprietary  
Founded: 1982  
Market position: Parent Winterthur Ltd, 19th largest insurance company in Europe by premium income.

**Financial strength:** Parent Skandia has 'adequate' Standard & Poor's assessment.

**Funds under management:** £22bn (at 31/12/93).

**Premium income:** 1993: £45bn (excl. pension income).

**Number of personal pension clients:** 25,000.

**Number of transfer plans sold:** 2,500.

**Sales outlets:** Consulting activities, chartered accountants and independent advisers.

**Commission split:** Either nil commission or explicit amount deducted from that premium.

**Recurring single premium contracts:** All products structured on recurring single premium basis.

**Expense ratios:** 1993: 0.25 per cent (excl. pension income); 1994: 0.25 per cent (excl. pension income); 1995: 0.25 per cent (excl. pension income).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Reductions in yield:** Equivalent annual percent change over the life of the contract: 0.7 per cent (industry average: 0.7 per cent).

**Investment manager selected:** 0.15 per cent on 25 year regular premium unit linked plan (industry average: 0.15 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

**Performance:** 1993: 18.3 per cent (industry average: 18.9 per cent); 1994: 18.3 per cent (industry average: 18.9 per cent); 1995: 18.3 per cent (industry average: 18.9 per cent).

■ NEW INVESTMENT TRUST LAUNCHES															
Manager (Telephone)	Index	Sector	Weights	— Targets —				Index Price P	— Outside FEP —			— Inside FEP —			Other Points
				Size \$m	Yield %	FEP Total?	Single Sectors		Minimum Invest £	Maximum Invest £	Annual Change %	Minimum Invest £	Annual Change %		
■ Gwynett Global Smaller Companies															
John Gwynett (071 378 7373)															
	Out Lyn Lutz			1.5	20-50	n/a	No	Yes	100p	95.2p	1,000	1%	n/a	n/a	Class 13/04/94
This fund will chase economic conditions likely to promote smaller company outperformance around the world															
■ Paper European Smaller Companies															
Paper International (071 246 4000)															
	Cliveau Tilley			1.5	20-30	n/a	Yes	No	100p	95p	1,000	1%	n/a	n/a	Class 13/04/94
Plans to take advantage of expected boom for smaller companies as European economies recover															
■ Templeton Emerging Markets (C-shares issue)															
Templeton (0800 227226)															
	Smith New Court	Emerging Mkts		1.5	140	n/a	No	Yes	100p	n/a	1,000	1.25%	n/a	n/a	14/04/94
A new chance to participate in a highly-successful trust with a very wide geographic spread															
■ Templeton Latin American Investment Trust															
Templeton (0800 227226)															
	Citigroup	Emerging Mkts		1.5	50+	n/a	No	Yes	100p	98.5p	2,000	1.25%	n/a	n/a	31/3/94-22/4/94
The third new Latin American fund this year; this one is led by Mark Mobius, the force behind Templeton Emerging Markets															
■ Underestimated Assets Trust															
Scotish Vesta Mgt (031 220 1103)															
	James Capel	UK Growth		no	40-50	n/a	Yes	Yes	100p	99p	2,000	■	n/a	n/a	24/3/94-25/4/94
Based on detailed research to find UK companies whose worth is underestimated by the market															
■ NEW UNIT TRUST LAUNCHES															
Manager (Telephone)	Index	Target Yield %	FEP Cost	Single Sectors	— Charges —		— Outside FEP —		Minimum Invest £	Maximum Invest £	Annual Change %	Special offer Period?			
					Initial	Annual	Initial	Other							
■ Global Privatisation Fund															
Fidelity (0800-414161)	UK Equity Growth	■	■	■	■	■	■	■	1,000*	2	1.5	1-3**	1,000*	7p pr	21/3/94-24/4/94
Another fund on the privatisation band wagon but one of only two (Guinness Flight) global funds. Includes companies benefiting from privatisation															
■ Eudra Income Trust															
Alley Life (0202 292373)	UK Income	■	■	■	No	6	1.5	No	5,000	6	1.5	No	■	■	21/2/94-23/4/94
A high income fund using derivatives to boost income to 2% above base rates, capped at 13% ; do not expect capital growth															
■ Managed Income Trust															
Alley Life (0202 292373)	Fund of funds	4.5-4.8	Yes	■	6	1.5	■	■	6	■	No	■	■	1	21/2/94-25/4/94
Pays income monthly and invests in up to 7 unit trusts. About half the investment is in fixed interest funds.															



ص:ك:ا:م:ن:ا:ل:ا:م:ل

MINDING YOUR OWN BUSINESS / MOTORING



The Mirpuris brothers - Henry, Robert and Michael in their showrooms. Exports account for 90 per cent of their childrenswear output.

Lydia van der Meer

# Brothers in business

The Mirpuris are interchangeable - except when it comes to pay. Wilf Altman reports

The Princess Royal asked: "Are you going for the hat trick?" as Robert Mirpur, Managing Director of Magiswell, a North London children's clothing company, proudly received an award for the second year in succession.

The occasion was the annual awards dinner of the British Apparel Association, of which the Princess is president. The Mirpuris brothers, Mr. Magiswell, had just won again the "Outstanding Export Achievement" award in the childrenswear category.

The business was started in 1980, although its roots go back further, and has been built mainly on overseas sales.

In 1991 brothers Robert, Harry and Michael Mirpur, plus a cousin and an uncle, set up a childrenswear business in south-east London. By 1994 they owned four shops specialising in clothes for 2-12 year olds.

Robert recalled: "Retailing, combined with a little wholesaling, taught us two important lessons - the value of being close to and listening to our customers, and stocking what they wanted, and secondly offering a good service. If we had a good order in the morning, we'd run to the supplier in the afternoon and

get the order out on the same day."

In 1980 the three brothers decided to branch out on their own to concentrate on exports, mostly to the Middle East at first.

"They began above their shop in Harington which they still own. It helps us to keep in touch with customers' tastes," Michael explained. The other shops were sold.

During the course of the sale they were impressed by accountant Melvyn Singer of Beng Kayrow Lewis, who has since been a friend and advisor on such key issues as financing growth, revising the capital structure of the company, tax planning and so on.

As retailers and wholesalers, the Mirpuris brothers were already selling to visiting Arab and began to appreciate that fashionable children's clothes were becoming a growth market.

"We started making up collections through our supplier contacts," Harry recalled. "We went out cold to Kuwait, Bahrain and Dubai. I well remember our first big order was worth £17,000. In our first year, export sales came to £132,000. For the next three or four years we doubled this every year."

Now the brothers take it in turn to make at least three overseas trips each year. But while export sales account for about 90 per cent of turnover, more efforts are being made to increase UK sales.

UK accounts include Debenhams, House of Fraser, H&M and Fenwick.

Total annual turnover has reached \$5m and at the firm's North London offices and warehouse the average weekly business of £125,000 is handled by seven employees and the three brothers.

Robert, the eldest, trained production. He looks after marketing and finance - the latter with advice as required from Melvyn Singer. Harry is responsible for administration, shipping and distribution and Michael handles UK sales.

The brothers work closely together. "We are fully interchangeable," said Harry. "Each of us can do the jobs the others do." That is not true, Robert explained. "We pay ourselves and share profits according to age. That's a traditional Asian custom when businesses are built and run for the benefit of families." Most of the profits, however, are reinvested to allow for expansion.

The Mirpuris' strength is in design and sourcing. They are quick to spot market require-

ments and tastes, and to source like frills, flounces, fancy party frocks and mini three-piece suits.

Almost all their ranges, including children's body vests and briefs, lace-trimmed socks and fancy waistcoats are manufactured in the UK by between 30 and 40 companies - many of them small businesses in the Midlands, equally keen to come up with new ideas and to work on those put forward by the Mirpuris.

"It hasn't always been straightforward expansion," said Robert. "We've had some very thin times, the last during the Gulf War and more recently when the pound was very strong. On the other hand we've benefited since Britain came out of the ERM."

The brothers admit their business owes a debt to their family, not least the entrepreneurial skills of grandfather. At the time of the century he set up a business in Alexandria, then in Sudan where he hired a donkey to carry bundles of Chinese silk and Indian curios to the docks to sell.

His sons built on this foundation by opening department stores in the Sudan before com-

ing to England. "But this," said Robert, pointing to a display of frilly childrenswear, "would have been beyond grandfather's imagination."

Magiswell, 200 Forest House Rd, London NW5 1LT 071-453-4264

Road Test/Stuart Marshall

## A cabriolet to fit seductive moments

It was the kind of motor- ing few believe still possible and sure-footed experienced. The road - well-graded, signposted lavishly and mostly well-surfaced - ran through rugged rocky hills that changed colour by the minute. It was almost free of traffic; the sun blazed down from a cloudless sky; and the open, two-litre Peugeot 306 matched the mood perfectly.

I was in Egypt, driving down the west coast of the Gulf of Aqaba to Sharm el-Sheikh and the Ras Muhammad nature reserve on Sinai's southern tip. For most of the way, the land is uninhabited.

On the straight, with clear visibility for miles, the Peugeot ran safely up to its maximum 121mph (196kph). On the winding roads, it cornered as though glued to the tarmac, the 123-horsepower engine singing sweetly in third and fourth.

In Sharm el-Sheikh itself, a prudent 25mph (40kph) or less was dictated by a combination of ferocious speed bumps and local inability to decide on which side of the road to drive. But the Peugeot's suspension dealt as capably with deep potholes as it did with the odd stretch of broken surface at high speed.

For the cabriolet, Peugeot has reinforced the 306 hatchback body shell heavily and tuned the suspension. As a result, the open body is so stiff that, even on corrugated dirt roads, the fascia did not shake. (I have known some open cars shake so badly that the instruments became a blur on moderately rough surfaces.)

The hood is super-efficient. Unhook a pair of clips on the windscreen, press a button - and the top vanishes under an automatic pop-up panel in the rear deck.

There is not quite so much room in the back seat as in a 306 hatchback, but the cabriolet, the fact is surprisingly wide and airy. Driving posture and general comfort - the accurate power-assisted steering, light shift, powerful brakes and sure-footed handling - are as good as one expects of a Peugeot.

Even at maximum speed, hood and windows down, your head is in no danger of being blown off. Windows up, and with an optional extra (around £100) air-deflecting mesh in place, there is barely enough draught at window speeds to ruffle the hair.

A hard top that fits over the folded-down hood during winter months will be offered later.

On the return leg, I drove a Peugeot expects to sell around 1,000 of the 306 soft-tops a year in Britain

the 306 cabriolet. It lacked just a little of the Peugeot's muscle (100hp against 123) but was just as enjoyable, cornering capably and riding the bumps a shade more comfortably than the squatter-tyred two-litre. Curiously, the less-powerful model has slightly higher gearing, but it drives just as lively at low speeds.

Mainland European buyers will also be offered a 1.9-litre version with automatic transmission. But that will be only two-litre manual, which arrives in May and is likely to cost about £17,000.

Peugeot expects to sell 1,000 a year in Britain of the 306 cabriolet. Some will be bought by people who might otherwise have gone for a Renault, Astra, Golf, Ford or Vauxhall.

But Peugeot also has the upmarket BMW 3 Series and Audi 80 convertibles in its sights. And the 306 - especially the topless - looks so seductive that the 1,000-a-year forecast might turn out on the low side if the UK has a few decent summers.

The day after visiting Sharm el-Sheikh in the 306 cabriolet, I drove a new 1.6-litre Peugeot 106 Griffe from Aqaba in Jordan to Petra. (There, I found it a sure-footed little Arab pony to ride down the narrow gorges to the ruins of the ancient city.)

Emerging to see the rose-red Nabatean treasury glowing theatrically in the sunshine - everything I had imagined it would be - a moment of sheer magic.

Driving north up the main highway from Aqaba, the Griffe's new past articulated lorries groaning uphill and creeping cautiously down. On the sinuous narrow road to Wadi Musa and Petra, I found it urbane and entertaining.

For the return leg I took the latest version of the sporty 106 GTI, 1.6-engined like the 306 but with five more horsepower (85 against 78) and firmer suspension.

On balance, I preferred the Griffe. It had all the handling and road-holding anyone could reasonably expect on public roads, plus the ride comfort of a much larger car.

Aware that Griffe and Griffe are the same in Britain, I had some different meanings. Peugeot will call the new luxury 106 the Century when it arrives in September, priced between £11,000 and £11,700.

The XSI, due in the UK in June, will be just under £11,000.

A feature of the PSA/Fiat multi-purpose vehicles, the Peugeot 306 among them, unveiled at Geneva 93 (this column, March 12/13) is a gear lever protruding not from the floor but the fascia. Its operation is exactly the same but the lever is left unattended.

Peugeot tried and liked it in a new Peugeot Boxer light commercial. I think it could make a new fashion. Or, thinking of the Renault 4 and the 2CV, which had something similar, it might revive a very old one.

## Prima donna performance

Continued from page 1

which it was put across by Berlusconi were researched and scripted carefully in a way that no previous Italian politician had bothered to do. Berlusconi, although 57 and balding, was made to look youthful. He went around with a permanent make-up artist and, where possible, sought to be filmed by his own in-house camera crew. His double-breasted suit, immaculately pressed shirt and neutral tie made him look successful without being too imposing - the kind of person every middle class mother would trust immediately when answering the door bell.

As for the message, it bore a strong ideological tone of right-wing, free market ideas. He even tried to enlist the services of Lady Thatcher in his campaign - although, unlike Britain's one-time Iron Lady, he conveyed his message in a non-confrontational way, keeping political jargon to a minimum.

He spoke in disarmingly simple terms. "This country has four million employers. Just imagine if every one of these were to create one new job. We can solve the problem of unemployment," he told a television audience.

While this appealing solution to Italy's most pressing problem did not impress the economists, it certainly had many Italians nodding in agreement. They want to believe he can

create 1m jobs and lower taxes.

All this helps to explain how Berlusconi got to where he is. It offers few guidelines on how he will fare as a politician. In his favour, he has enormous energy and determination and, according to his supporters, an excellent business brain. But this is not necessarily enough to create a good politician.

He and Forza Italia would have faded into obscurity if he had faded badly. But, having come out on top, he now becomes vulnerable to the very things from which his campaign strategy protected him: a critical and fickle public audience.

since, the magistrates investigating the practices of Fininvest and its alleged criminal links; and the conflict of interest between owning Fininvest and being a politician.

His personality as a manager is ill-suited to dealing with a fractions political establishment, even if this establishment is being reconstructed. He is vain and wounded easily by insults. He is a poor public speaker once forced outside scripted remarks.

In particular, he has made himself a hostage to campaign promises that cannot be fulfilled easily in the present climate without raising Italy's

debt or the spectre of inflation. In short, he has studied carefully how a politician from the viewpoint of marketing a product - Silvio Berlusconi, the new face in Italian politics. But while elections may be about marketing, the broader art of politics in Italy is about survival in a jungle of intrigue.

Let us not forget that Italy fathered Machiavelli. And if you listen to the stories behind the music and the prima donnas of Italian opera, you will find they are often of betrayal.

As They Say in Europe, Page XVIII

**Financial Times**  
to publish a Survey on  
**International Taxation**  
on Friday, May 20

The survey will review the taxation system worldwide and examine the challenges it will face in 1994 and the implications for the international business community. The survey will reach an estimated international readership of 1 million.

For an editorial synopsis and information on advertising opportunities please contact SARA MASON on Tel: 071 873 4874. Fax: 071 873 3064

**FT Surveys**

### MINDING YOUR OWN BUSINESS

#### ITALIAN HOTEL FOR SALE

**CENTRAL ROME - VIA VENETO AREA**  
For Sale: Residence, 300 sq m, furnished, air-conditioned, kitchen, dining room, living room, bedroom, bath, 2 duplexes. Unique opportunity for investing in a city.

**CASTELL ROMANO - GENZANO**  
Former Villa, 1000 sq m, 1/2 hour from Rome via scenic Appian Way. Extraordinary condition, impeccable period furniture. Lovely park, 2 restaurants, 13 km from Ciampino, 30 min from Fiumicino Airport.

**TUSCANY - MEDICI VILLA**  
Four story Palace built in 1587. Hosted during centuries such as Goethe, Sandahl, Napoleon, Pope, etc. Conveniently located Florence and 15 min from major highway. 15 very large double rooms & 4 suites on 2 levels. Ground floor with majestic spaces & Impressive rooms. This landmark palace qualifies by law for a 5 star rating. It is a great investment.

Tel: ITALY + 6-939-1452 Fax: ITALY + 6-939-1452  
Tel: USA + 516-676-3712 Fax: USA + 516-671-1310

### BUSINESS SOFTWARE

To advertise in this section please telephone 071-873 3503 or write to Janet Kellock at the Financial Times, One Southwark Bridge, London SE1 9HL or Fax 071-873 4331

#### COMPUTER AIDED SALES & MARKETING

Breakthrough, a comprehensive sales & marketing productivity system. Handles contacts, proposals, clients, dealers products & services. Produces form letters, mailshots, action lists, target generator, etc. Manage campaigns, response evaluation, notes, scripts & much more. DEMO DISC available. 50002, FREEPOST, London NW5 1ST  
TEL: 081-383 3158 FAX: 081-383 3482

#### ACT! THE SALES MANAGEMENT SYSTEM

- Tracks all your client contacts
- Provides all your actions
- Has full WP, Modem, Fax support
- DOS, WINDOWS, NETWORKS, MAC
- Training, Consultancy, Support, Product

ASK FOR THE DEMO DISC  
Brown and Company  
Tel: 0852 488444 Fax: 0852 488553

#### UNIVERSAL EXOTICS, OPTIONS, SWAP, YIELD, ZERO-CURVE ADD-INS

Additional spreadsheet functions for Capital Market Professionals using Lotus 1-2-3 and Excel (Windows, OS/2, Mac). European and American style options and warrants on bonds, commodities, currencies, futures and shares. Free 30 day trial.

Financial Systems Software  
2 London Wall Buildings  
London WC2E 7LH, London EC2M 6PP  
Tel: +44 71-628 4200 Fax: +44 71-628 2718

#### HISTORICAL DATA

US Futures - complete history - individual contracts plus continuous contracts; Nikkei US Futures; comprehensive UK/US/World Indices and Indicators, some leading indicators. Plus UK/US Intraday data and stocks. For full details please write to:  
HDC Data, Box 62387, Financial Times, One Southwark Bridge, London SE1 9HL

### BUSINESSES FOR SALE

#### Wimbledon & South West Finance PLC

The Joint Administrators, Malcolm Cohen and Raymond Hocking of Stoy Hayward, seek offer for the whole or part of the business and book of business of the company which is currently authorised under The Banking Act 1987.

The company has a mixed loan portfolio valued at £26m as at 31 December 1993 consisting of:

- Property mortgages
- Improvement loans
- Property development loans
- Other commercial property loans

There are over 350 loans which vary in size from £5,000 to £1.2m.

In the company has premises in the City, EC1.

Interested parties should contact: Cohen at Baker Street, London W1M 1NA or Telephone: 071-935 3944 Fax: 071-935 3944 quoting reference 7/PDC.

#### STOY HAYWARD

Accountants and Business Advisers  
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

### BUSINESS SERVICES

#### Golf Driving Range, Licensed Club House and Shop beside Ring Road in Nottingham.

Offers £400,000  
Telephone WALKER WALTON HANSON 0602 588777

### PERSONAL

#### CHRIST DIED TO SAVE YOU FROM YOUR SINS. For free booklet Telephone London 071 1209 (Answer phone).

### LEGAL NOTICE

#### REGENT CORPORATION PLC

On Friday 25th March 1994, the Registrar of Companies, Edinburgh a Certified Copy Order of the Court of the Regent Corporation plc, a Company incorporated under the Companies Act 1985 and having its Registered Office at Castle Terrace, Edinburgh ("the Company") resolved on by special resolution of the Company dated 13th September 1993. There was registered along with the Certified Copy Order a Minute of Reduction of Capital created by the reduction of capital.

#### DUNDAS & WILSON CS

Solicitors for Regent Corporation PLC



## FASHION

# Men who change gear

Many can't wait to throw off their dull weekday attire, says Paul Keers

It is only at weekends that many men feel they can as they Professional dress is so proscribed during the working week. But at weekends, men reveal a little more of their personality in the way they dress, whether it is to play sports, play with the children - or play the peacock.

Michael Naylor-Leyland, 37, is executive of The Lanesborough, the luxury hotel on Hyde Park Corner, in central London. His working dress is a formal morning dress - but the ideal for Naylor-Leyland, who admits: "I like eccentric clothes, and I've always worn fairly odd things." So at weekends, a sartorial butterfly emerges from this professional chrysalis.

At the centre of Naylor-Leyland's off-duty wardrobe are more than 100 waistcoats, collected over the years. "I've got velvet, beaded, striped, Regency double-breasted waistcoats," he says. Several come from Tom Gilbey's waistcoat gallery. "The good thing is that, along with a splash of colour, waistcoats give you a couple of extra pockets."

The waistcoat in his wardrobe are well-known to those who know him. A purple cashmere jacket is from Jasper Conran, another, in Prince of Wales (dark printed with purple roses, by pop-star designer Stephen King. Naylor-Leyland likes the extravagant creations of John Galiano, and enjoys the "wonderful waistcoats and jackets" of Tom Gilbey. All his designers are bold, with clothes, even when it comes to jeans, his favourites are bright red, from Replax.

He likes to wear polo-neck shirts, in red, black, white or purple; and, like most men, they can also look "fairly formal" when under a jacket. "I never wear a tie in my spare time except under duress," he explains. "I was probably changed in a previous life." And because he does not wear them for work, even his suits can be like a chrysalis, like the ones from Katharine Hammett "which has baggy trousers and a jacket which is almost a piece

coat." Right down to his shoes, Naylor-Leyland exhibits a colourful individuality, at odds with his professional appearance. His favourite footwear is a pair of Cuban-heeled cowboy boots, bought when he spent a year in Brazil. "They were practically a uniform out there, and they're just incredibly comfortable once you've worn them in."

In the UK he seeks out classic Frye cowboy boots, and recommends "a pleasant shop with an unpleasant name" - R Sole, in London's King's Road. He has also indulged in "several pairs" of woven Turkish slippers by interior designer Nicky Haslam. And he still wears the light slip-ons in purple suede which Johnny Moke, a King's Road shoemaker, made for his wedding. Only his socks, it seems, remain in the traditional male palette of black or blue. Socks, he says, are unimportant.

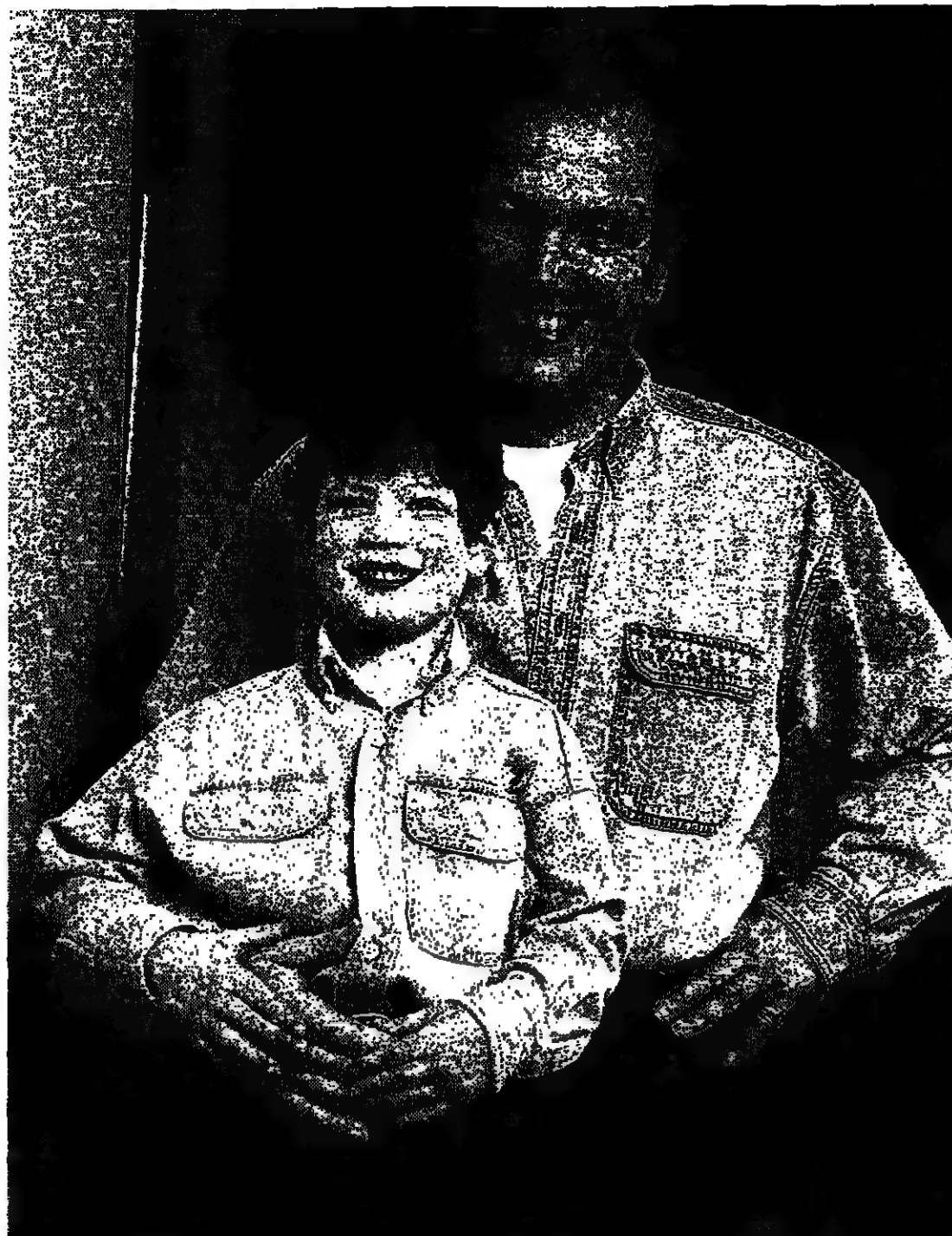
Francis Hazel, 49, is a property developer who runs a business mortgage bank in the City. His work clothes are exactly what one might expect, a traditional striped shirt and suit. Hazel says, it is "not so much a uniform as the right thing to wear in respect of one's clients as much as a self." But in dressing for the weekend, he completely rejects the equivalent tradition in British casual dress.

"A lot of my friends wear the traditional check, woolly tie and cavalry twill point-to-point look, and I totally reject that look," he says. "It's the criminals and country solicitors."

His off-duty clothes tend to be American and selected on the basis of practicality.

"As soon as you become a parent, it changes your wardrobe," explains Hazel, father of boys of 14 and 10 weeks. "Basically, my weekend style, which I would describe as halfway between grunge and grunge, is based on the idea that it's going to be practical upon."

Like many men, Hazel gets everything from The Gap. "It's a one-stop shop, well-priced and the colours are wonderful," he says. "I can find everything in that spectrum of denim blue, navy blue,



Francis Hazel with his son: he tends to select American clothes on the basis of practicality

grey, and chino tan. My Gap blue denim shirt is probably my favourite possession."

The look for Americana runs throughout his weekend wardrobe, from his Weegee jacket in black and brown and Levi 501s, to fly-button shirts bought from Banana Republic in the US.

"They're all very sporty, easily visible, and extremely practical in style," Hazel says, "men and denim is really the style of the

1990s, and I find American style, particularly Gap style, is more adaptable and certainly smarter than British country clothes. I only hope - no, I'm sure, my wife confirms it - I don't look like an Ivy League jock."

He does have some smarter weekend clothes, for those times "after 7pm, when parents have to come out of their chrysalis". There is a tartan, wool jacket from Harvie & Hudson, and ties from the Royal

Academy. Its shop sells a striking selection of artists' designs.

"When my casual clothes get shabby, I keep them for painting in," he insists. "Cleanliness is still the gentleman's great motto; a clean mind, clean body and clean clothes."

Neil Duckworth, 35, is managing director of Tag Heuer sports watches in the UK. During the week, he's "forced to wear tailored suits" but at weekends he reverts to



Neil Duckworth reverts to the sporty style at weekends

the sporty style which, he feels, reflects his true character.

"I play a lot of tennis," he says, "and I'm always getting changed in and out of sports gear, so I want weekend clothes which are hassle-free."

A lot come from Henry Cotton, a label which has the combination he likes of outdoor styling, ease and comfort, and good quality construction. They also, he says, have no ostentatious or overt labelling.

"I don't usually myself label-oriented," he explains, "but labels do help when it comes to shopping. And I do like brands which, like my own, have an authenticity to them."

Duckworth invariably chooses clothes in greens and blues, the colours at the centre of the Henry Cotton "country and coast" palette. But he lives his outfits with a dash of colour, like a red T-shirt, or a shirt from Sam Browns in Fulham, "a little more trendy" than most of his clothes.

Naturally, he switches his watch at weekends, from the stylish steel and gold Tag Heuer chronometer he wears during the week, to a more robust Series 3000 model, which

brown leather strap "which looks more casual and trendy. A watch is part of a wardrobe, and should be businesslike or sporty to match the rest of your dress."

Weekend trousers tend to be jeans, from Emporio Armani, "because smart jeans like those will go with anything, from a trendy top, to a smart shirt and blazer for lunch." And with the same kind of versatility, footwear is Timberland boot shoes, in brown or blue.

For smarter weekend occasions, he has two jackets from Gieves & Hawkes. One is a classic blue blazer, the other, "a bit more of a blaze of colour", a sports jacket in a mix of yellow and green. In both cases, he prefers the classic style of Gieves & Hawkes. "My physique just seems to suit a more traditional cut," he says. "Or perhaps it's my age..." And beneath, he wears button-down shirts from Ralph Lauren, "not cheap, but really very nice material."

It's not a huge range of clothes - but, he says, that is deliberate. "I don't want an extensive wardrobe," he says. "It's the weekend. I don't want to have to think too much."

G&amp;H

Our customers know they can always relax in a Gieves & Hawkes suit.



Suits from £395.  
Shirts from £39. Ties from £35.  
Shoes from £150.

**GIEVES & HAWKES**  
No. 1 Savile Row, London

London: No. 1 Savile Row W1.  
Lime EC3, Selfridges Oxford W1.  
Bath, Cheltenham, Chester, Edinburgh,  
Portsmouth, Winchester.

## Simple and so chic

Lucia van der Post finds hats to turn the classiest heads



A hat in almond, ideal with a silk organza wrap

I first became aware of Patricia Underwood's hats in the summer of 1993. I remember it as if it were yesterday. I was sitting in a room, and she was sitting next to me. She was wearing a hat that was so beautiful, it was like a work of art. It was a wide-brimmed hat, made of a material that looked like silk or organza. It was so elegant, so chic, that it was hard to believe it was a hat. It was a hat that I had never seen before, and it was a hat that I had never wanted to see before.

She has, more than any other hat designer, developed a personal style that is instantly recognisable. The style revolves around the finest, simplest of shapes and lines of the utmost simplicity. She is to be seen in a hat that is so simple, it is like a work of art. It is a hat that I have never seen before, and it is a hat that I have never wanted to see before.

There is no hint of excess or decoration on Underwood's hats. Understated, simple, effortlessly classy, they never louder than their wearer. Nobody... (well perhaps that's a bit sweeping, I've just remembered Dolly Parton)... nobody, could look vulgar in a Patricia Underwood hat. It that

them sound puritanically austere let me assure you that they are among the most flattering of hats.

Flattery is, in my view, a hat's most important function. The magic lies in the most subtle, most refined sense of line and proportion. Patricia Underwood's unadorned, hand-made, hand-finished hats rely on shape, colour and proportion, not fancy trims and decorative flowers, for their effect. Great skill goes into finding the line and the shape that give the face its most beguiling frame.

Her personal style is founded on simplicity - on the day I interviewed her she was wearing a navy-blue Jil Sander suit, navy-blue silk shirt, almost no make-up and one of her own fine black straw hats.

She evolved an approach to headwear as part of a woman's look and personal style rather than a distracting ornament. Her hats have a modern, bral quality about them. They are hats to please the most up-to-date and liberated of women.

She believes that "Hats create amazing possibilities. One cannot be neutral in the presence of a hat. It sends a message. When I think about the



Classic Paglia straw

design of a hat, I consider what that message might be."

Just listen to Michael Malone, an American author, writing about the hats of his youth: "In the 1930s, to my delight, America rediscovered the romance and power and mystery of hats. The brown hat of Indiana Jones and the cowboy hat with the red trim. But I remember how they made me feel. Like the movies, they had that magic to tell us who we are."

Patricia Underwood is full of wise advice on how to choose one. "Our grandmothers never needed advice on how to wear a hat. It was part of their daily lives which they understood instinctively."

"Today there is a new young generation which does not wear hats with church-going or grandmothers and they are discovering, and in some cases, re-discovering, themselves in hats. The trick is to find the pleasing relationship between the width of the cheekbone and the top of the hat - this is a matter of visual judgment."

"A hat is part of a woman's style and it must match the mood of her clothing - for this a full-length mirror is necessary."

"When choosing a hat to go with a printed fabric always choose it in the least prominent colour. If you look deep into a tweed or even a single-



Designer: Patricia Underwood

colour fabric there are nearly always many colours and shades. Choose one of those and the fabric will be enhanced."

Underwood adds: "Few hats are perfectly symmetrical. When putting on a hat, never wear it absolutely straight - a subtle, but I really mean subtle, little tilt will integrate it with the face."

Although her hats are simple, they do change and evolve. Some of her newest designs are photographed here.

For this summer there are baby bonnet shapes in finest crinibraid. There is a subtle but simple almost 1920s-style cloche. There are finely-stitched straw hats and some of the straw hats combine knit straw with crinibraid - some knitted crowns, others knitted brims. Prices range from £120 to £350.

Browns of west London stock Underwood's hats and

offering 50 readers a chance to share high tea and hat-talk with Patricia on Tuesday May 17, from 6.30pm to 8.30pm. She will be discussing hats for the high summer season with Ascot, particularly in mind. Tickets will go to the first 50 readers who send a cheque for £20 made out to The Teenage Trust (a charity that helps teenagers with cancer, registration number 1009984) to Janet Fischgrund of Browns Press Office, Browns, 23-27 South Molton Street, London W1.

Anyone wanting to know even more about hats might like to obtain *The Hat Book*, designed by Rodney Smith and Leslie Smolan (252, published only in the US) by Nan A. Talese, Doubleday, Carbone Smolan editions).

The World's Finest Men's Underwear.



UNIONMADE UNDERWEAR. The pants and Available in leading specialist fashion shops. Zimmet Textile AG CH-4663 Aarburg, Phone 062 41 41 41 Fax 062 41 30 30

zimer

April 20 1994







## PERSPECTIVES

# Death is outwitted by gods reborn in spring

Tomorrow, in thousands of Christian churches around the world, millions of men and women will celebrate the resurrection of Jesus Christ. They will rejoice - in the words of the Apostles' Creed - in the historical figure who "was crucified, dead and buried. He descended into hell. The third day, He rose again from the dead. He ascended into heaven, and sits on the right hand of God our Father Almighty."

Tomorrow, children will open their Easter eggs. Churches will be decked with flowers and, in some parts of Europe, bonfires will blaze. But

in Golgotha - "the place of a skull". The churches were dim, the altars bare, the priests wore black, the hymns were melancholy and despairing. This is the wasteland, where death is the end and even God dies, slain by human ignorance. At this point in the ceremony, the cross becomes the focus, for this instrument of death appears as the Tree of Life.

In early Christian iconography, the cross is often depicted as a tree, both cut and budding, with lopped-off branches and green shoots. In the 13th century, the cross is depicted as a tree, both cut and budding, with lopped-off branches and green shoots. In the 13th century, the cross is depicted as a tree, both cut and budding, with lopped-off branches and green shoots.

**Jules Cashford and JDF Jones examine the many celebrations of rebirth at Easter**

we are more than 2,000 years ago - long before the birth of Christ, and at almost precisely the same time of the year - countless people celebrated the re-birth of their own particular god from death.

They were not just god but many - or, rather, many gods for the same one. In Mesopotamia, around 2,500 BC, they called him Dumuzi. In Babylonia, Tammuz; in ancient Egypt, Osiris. Later, in Phrygia, he was Attis; in Canaan, Baal; and, in Greece, Dionysos and Adonis. All of these gods died and descended into the underworld. It happened to "goddesses" too: Inanna in Mesopotamia and Persephone in Greece. Many stayed there for three days; some for months. Then, they were rescued. Death variously was outwitted, cheated, forced to barter, even killed. Life won a respite, an exchange, a deferral, a victory. Like winter, death's dominion was only temporary.

Can we be surprised if these celebrations of rebirth over the millennia of human history always take place in spring? Yesterday, on the holy Friday Christians call "Good", millions mourned the death of the son of God, crucified on a cross

into a garden of flowers. Rarely, they have distilled abstractions of later Protestant meditation.

In the third century, Helena, mother of the Roman emperor Constantine, travelled many lands in search of the true cross. In legend, this was made from the Tree of Life which stood in the centre of the Garden of Eden, at the source of four rivers, and granted immortality.

Standing in counterpoint to the Tree of Knowledge, the cross, as the Tree of Life, thus redeems the fate of Adam whose skull became the skull at Golgotha, burying death. In the magnificent 16th century mosaic at the Church of San Clemente in Rome, death and resurrection are portrayed in one image. Christ stands against the cross as the trunk and branch of the Tree of Life. He joyously spiralling leaves extending into the universe. The cross is the Cosmic Tree at the centre of the world. For Christian doctrine, the symbol of the cross as the Tree of Life is entirely intelligible within its own tradition.

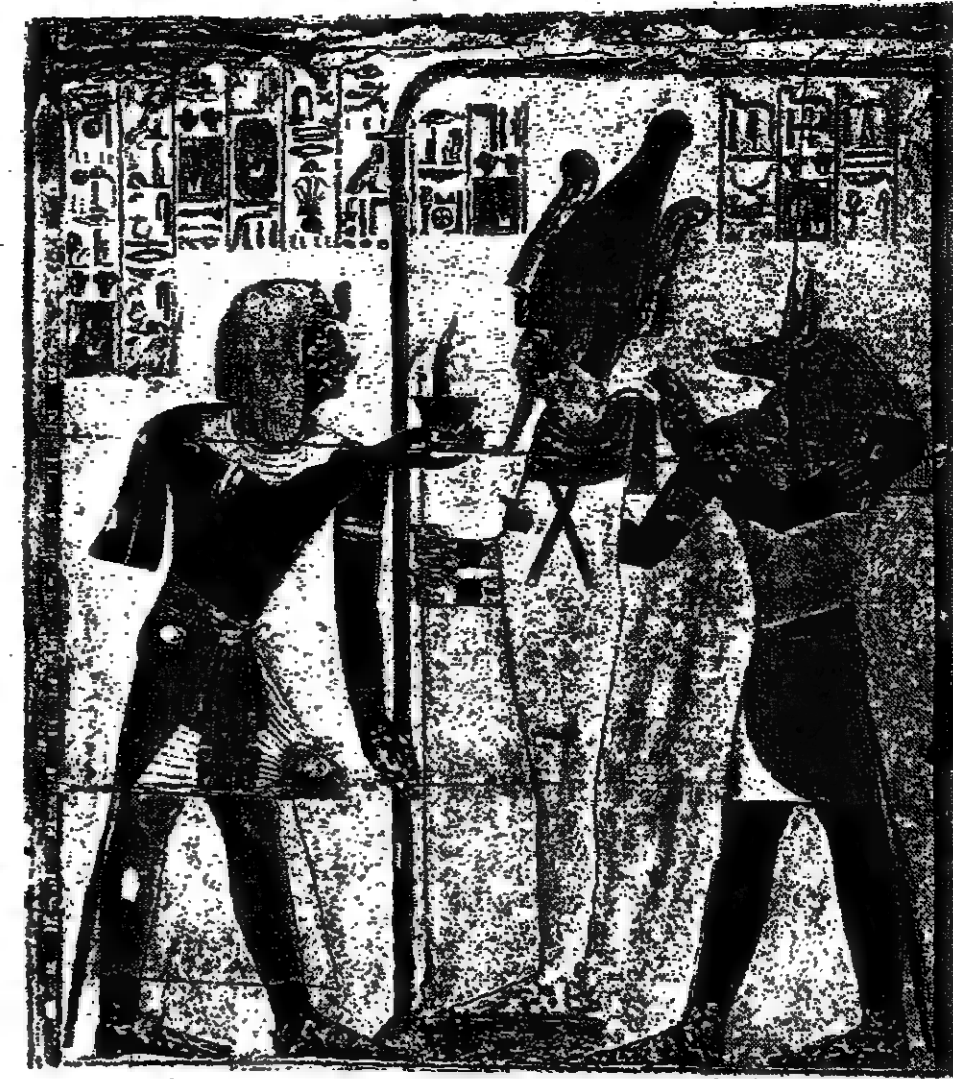
Yet, these are universal symbols, far more ancient than Christianity, and their recurrence in the myths and folklores of the world is arresting and fascinating. Osiris of Egypt



Murillo's The Resurrection of Christ

was imprisoned by his wicked brother, Seth, in a coffin. It was thrown into the Nile but was washed ashore and came to rest inside the trunk of a tamarisk tree. He was released from the tree, dying again and then being re-born, and a pillar of wood with four crossed branches - the Djed column - was raised upright as the sign of his life everlasting. Adonis (the Lord) was born from the myrtle, and anemones rose from his blood; Dionysos was born from the vine, wreathed in the ivy that is ever-green. Phrygian Attis was tied to a tree of pine. Even the Buddha attained his enlightenment

as he sat in meditation beneath the Bodhi tree. Originally, the symbolism of the cross was not a solar but a lunar image, inscribed on neolithic pots as the four quarters of the moon, our first source of measurement - an image of change and changelessness, time and eternity. Transferred to the earth and the solar year, the four points of the lunar circle become the four directions of the universe, the four cardinal points of the zodiac (the equinoxes and solstices), the four seasons of the temperate climates, even the four phases of the day. In other words, an image of totality in time. Symbolically, the cyclical waxing and waning of the



Stuffed birds incense before Osiris

moon's light offered an image of transformation, for in its perpetual cycle it was reborn. In its beginnings it unified what apparently had been disconnected. The moon "died" and yet rose again out of the dark. All over the world, and throughout a host of cultures, gods, goddesses, heroes and heroines "died" during the three days when the moon vanishes. They went down into the underworld (like Inanna of Sumeria), or into the belly of the whale or of the dragon (like Jonah in the Old Testament, Jesus of the Greeks, Karna of the Egyptians), or were, like Joseph, thrown into the well. Then, they were reborn: Per-

sephone returned to her Harvest Mother, Demeter; Inanna, naked in death but sprinkled with water, put back her seven veils and ascended to the upper world. And Jesus, of course, also descended into hell for three days before his resurrection. Many, if not most, of the world's religious calendars are lunar in origin and, for Christians, the drama of the moon's cyclical phases remains reflected in the timing of Easter to the first Sunday after the first full moon following the spring equinox. Significantly, the rites of Christ's incarnation are governed by the lunar calendar and fall on fixed dates, dates

they are connected with the birth of the sun (Christmas at the winter solstice, for instance, where Jesus takes over the role of Sol Invictus from the Roman god Mithras). By contrast, the Easter rites of his death, resurrection and ascension are governed by the lunar calendar, because of the images of death and rebirth in the waning and waxing of the moon. Easter was named in the middle ages after the Saxon goddess of the dawn, Eostre, whose feast was held at the spring equinox. Her sacred animal was the egg-laying moon-hare, which gives us our Easter eggs. So, the underlying language directs us continually

to images of rebirth - the birth of the sun from the dark of the night, the ascendancy of the light of the new year over the darkness of the old, and the full moon as the sign of the resurgence of life over death. And, finally, the cross is transformed from the Tree of Death into the Tree of Life at the time when all nature buds from an invisible source.

Perhaps the drawing of parallels, in symbol and ritual, between Christianity and other mythologies might not have to be greeted, so many centuries later, with cries of outrage and apostasy from the literalists. Christian theology is, understandably, committed to the premise that earlier rituals were only anticipations of the coming of Christ who was their apotheosis. Inevitably it interprets other traditions in this light.

But the Christian Mystery need not be reduced merely by virtue of its resemblance to other Mystery religions. Why need its participation with other traditions in a common store of wonder and worship diminish its own unique reality? Could it not rather be met with delight - even awe - that so many of the world's people have experienced the divine in a similar way?

When, for instance, Mary Magdalene first saw the risen Jesus, she took him for the gardener - an image that would have been familiar to Mesopotamians, for whom Dumuzi-Tammuz was known as the gardener in the garden of life.

When Mary, the mother, and Mary Magdalene are shown sorrowing on either side of the cross, they can be compared with the sisters mourning Osiris. And, as the Djed column was raised in ancient Egypt after the Nile's life-giving inundation, the people cried "Osiris is risen" just as, tomorrow, we proclaim "Christ is risen."

Why, though, should either festival be lessened by comparison with the other? And, more than this, might not our own celebration - with our advantages of knowledge of both - be enlarged by an awareness of the other? Not least on the ground that one way of loving our neighbours is to include their humanity within our own?

The Nature of things/Clive Cookson

## Unravelling the prehistoric codes

The study of ancient genes, brought to life so spectacularly in the Jurassic Park film, is beginning to transform archaeology. While re-creating a dinosaur will remain a fantasy for the foreseeable future, researchers

are already extracting and identifying DNA from material thousands of years old. The results will contribute a wealth of information about human history over the past 10,000 years in three main areas: people's evolution and migration patterns; their agri-

culture and diet; and health and disease in ancient societies. Findings illustrate the potential of genetic archaeology in many areas. Human DNA has been extracted from prehistoric bones found in Polynesia, by Erika Hagelberg of Cambridge University.

Comparing the occurrence of particular genetic mutations among the ancient and modern populations of the region, she concludes that the islands of the central Pacific were first settled about 2,500 years ago by people migrating west from the Melanesian archipelago; this contradicts the traditional view that Polynesia was colonised directly from southern Asia.

Many of the puzzles surrounding prehistoric migrations and settlement patterns - such as the movement of people north-westward through Europe and eastward through America - will be solved by a systematic analysis of DNA from archaeological sites, combined with data on contemporary populations. Wheat DNA has been isolated from ancient grains found at Danebury, an Iron Age British hill fort, by Martin Jones, another Cambridge archaeologist. His team identified part of a gene linked to glutenin, a key protein which helps to determine the bread-making qualities of the grain, and compared it to modern wheat varieties.

Such research will provide fascinating information about ancient foods. But tracking the genetic patterns of crop plants and domesticated animals will also be useful for another purpose: to complement the evidence emerging from the human genetic studies about population movements. The DNA from human remains found in Borneo and Peru, dating from before the first European contacts, has been isolated by Mark Spigelman of the Institute of Archaeology, London, and Arthur Aufderheide of the University of Minnesota. Their discoveries show that the TB bacillus occurred throughout the ancient world. This means that early European



Examining dinosaur eggs in the film Jurassic Park

should no longer be blamed for bringing TB to the New World. Several research groups are now working to find out whether other diseases such as syphilis, malaria and influenza were present in pre-Columbian America.

The study of ancient diseases is proving particularly popular, because the findings will be relevant to modern medicine. Epidemiologists could learn a lot from the DNA of ancient

pathogens such as smallpox, plague and malaria. Although bones have so far been the main source of bacterial DNA, Mark Spigelman is developing an alternative - ancient faeces and guts - in collaboration with Colin and Liz Fricker, two microbiologists employed by Thames Water (who are interested in using the same technology to detect traces of bacterial contamination in water). The team

has just succeeded in isolating DNA from E. Coli bacteria in the gut contents of Lindow Man, an Iron Age bog body dated to 500 BC. The discovery opens up the possibility of investigating ancient diseases in ancient cesspits, which would give information about community health as well as diseases in individuals.

The study of ancient genes is still scientifically controversial - though most of the debate centres on reports of DNA fragments extracted from insects trapped in amber many millions of years old. Some scientists refuse to accept that the DNA extracted is chemical

### DNA from material thousands of years old could rewrite history

bacterial and viral infections over the centuries - and their relation to changes in the virulence of the germs on the one hand and in human living conditions on the other. Although TB, for example, is present in pre-Columbian America, it may not have caused serious disease until the colonists destroyed the structure of indigenous society.

Previously, archaeologists had only been able to study slow-acting diseases that leave their mark on human bones, such as leprosy and syphilis. Paleogenetics should enable them to look at the population dynamics of other important

has just succeeded in isolating DNA from E. Coli bacteria in the gut contents of Lindow Man, an Iron Age bog body dated to 500 BC. The discovery opens up the possibility of investigating ancient diseases in ancient cesspits, which would give information about community health as well as diseases in individuals.

The study of ancient genes is still scientifically controversial - though most of the debate centres on reports of DNA fragments extracted from insects trapped in amber many millions of years old. Some scientists refuse to accept that the DNA extracted is chemical

### HOLIDAYS & TRAVEL

#### FLIGHTS

**AFFORDABLE AMERICAN**

EXCELLENT DISCOUNTS TO OVER 200 DESTINATIONS IN "FIRST CLASS" ECONOMY CLASS

FROM	TO	FARE
NEW YORK	LONDON	£199
NEW YORK	PARIS	£199
NEW YORK	ROME	£249
NEW YORK	MILAN	£249
NEW YORK	ATHENS	£299
NEW YORK	ISTANBUL	£299
NEW YORK	DELHI	£499
NEW YORK	MUMBAI	£499
NEW YORK	BOMBAY	£499
NEW YORK	COCHIN	£499
NEW YORK	KOLKATA	£499
NEW YORK	CHENNAI	£499
NEW YORK	HYDRABAD	£499
NEW YORK	BANGALORE	£499
NEW YORK	DELHI	£499
NEW YORK	MUMBAI	£499
NEW YORK	BOMBAY	£499
NEW YORK	COCHIN	£499
NEW YORK	KOLKATA	£499
NEW YORK	CHENNAI	£499
NEW YORK	HYDRABAD	£499
NEW YORK	BANGALORE	£499

GO FOR IT!! 071 637 8485

FROM TODAY, AMERICAN AIRLINES OFFERS YOU A MORE AFFORDABLE "FIRST CLASS" ECONOMY CLASS

AMERICAN AIRLINES, 1000 AVENUE OF THE STARS, WASHINGTON, DC 20001

GO FOR IT!! 071 637 7852

ALL OFFERS BASED ON TWO PEOPLE TRAVELLING TOGETHER, SUBJECT TO AVAILABLE SEATING. DIFFERING TRAVEL, FARE, AND CARRIER. SEATING SUBJECT TO AVAILABILITY. \*CLUBWORLD\* OFFERS YOU A MORE AFFORDABLE "FIRST CLASS" ECONOMY CLASS

CLUBWORLD, 1000 AVENUE OF THE STARS, WASHINGTON, DC 20001

CLUBWORLD, 1000 AVENUE OF THE STARS, WASHINGTON, DC 20001

**UK SPECIAL INTEREST**

**TAKE A BREAK WITH ACORN**

Countryside Weekend  
Steam Train Trips  
Fishing - Ballooning - Microfilm  
Clear - Heritage - History  
Wildlife - Walking - Bird Watching  
Murder Mystery Weekends  
Cider and Wine Tasting

For your free brochure call 011 430 4300

ACORN ACTIVITIES  
7 East Street, HARTLEY  
Tel: 0432 357335

**LUXURY EUROPEAN BREAKS**

**THE EIGHT MOST EXCLUSIVE SUMMER HOLIDAYS IN EUROPE**

In the mountains, by the coast and at sea.  
Exceptional quality and personal service - Brochure

Telephone: 081 305 2299 Fax: 011 858 0971

**TO ADVERTISE ON THE TRAVEL PAGE**

PLEASE CALL  
JOHN ARGYRIDES ON 071 773 3352

**ROYAL AIR FORCE**

The Royal Air Force Benevolent Fund's 25th Anniversary Appeal

Helping the Royal Air Force Benevolent Fund's 25th Anniversary Appeal

Helping the Royal Air Force Benevolent Fund's 25th Anniversary Appeal

**HAVE YOU THOUGHT OF LEAVING US SOME OF YOUR NEST EGG?**

By remembering us in your Will, you'll be remembering the whole RAF family. Not just aircrew but ground staff, too. Serving RAF members, as well as ex-RAF. Their spouses and their dependent children. Every year, more and more people urgently need our help. Please help us that we are always there for them under our wing by making a donation to us and by remembering us in your Will.

**COMRADES IN ARMS SHOULD BE COMRADES IN ALMS**

The Royal Air Force Benevolent Fund, PO Box 1048, Portland, Dorset DT2 8DA. Tel: 01752 85000, Fax: 01752 85001

I would like to make a donation of £100 to the Royal Air Force Benevolent Fund. Please charge my Account/VISA/MasterCard/Debit Card/Other (specify) £100.00. I agree to the terms and conditions of the appeal. I agree to the terms and conditions of the appeal. I agree to the terms and conditions of the appeal.

NAME: \_\_\_\_\_ ADDRESS: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

Date: \_\_\_\_\_

THE ROYAL AIR FORCE BENEVOLENT FUND



## TRAVEL

# A rare foray into Burma's far north

Victor Mallet visited Kachin State, an area previously closed to foreigners by the military junta

W could tell they had not seen many foreigners by the way the babies puckered their faces and howled when they glimpsed our white and somewhat hairy features.

Children whimpered and hid behind their mothers. Young women giggled and screamed, and, with an innocence inconceivable elsewhere in south-east Asia, dragged the white men off to be photographed alongside them and their friends. They made us bend our legs so as not to appear absurdly tall in the pictures.

Kachin State, in the mountainous far north of Burma, has been closed to foreigners for 32 years by the military junta because of the war between the central government and the guerrillas of the Kachin Independence Army.

Now the fighting has stopped and the two sides have signed a ceasefire. The junta decided to allow a group of journalists to fly to Myitkyina, the state capital, and visit

the remote surrounding area sandwiched between China and India on the upper reaches of the Irrawaddy river. It seems we were lucky. Myitkyina - pronounced *Me-See-Na* - is now said to be off limits again.

We were lucky, too, to catch the end of the *manau* festival, an animist harvest ceremony of dancing which brings together thousands of merry-makers from the six branches of the Kachin race. It was banned until last year as a dangerous opportunity for the resurgence of Kachin nationalism.

Under a *manau* much like a large maypole, in the sound of amplified *manau* and the boom of a great drum hanging from a bamboo frame, the Kachin danced the conga-style *sui-manau* to ensure

prosperity. Leading the dance were men wearing swords, Chinese robes of red and gold, and hats made of hornbill heads.

The festival included a beauty contest, a Burmese pop concert, a fun-fair for children and much drinking of rice wine. It was mainly at the sports-ground, where the fair was held, that we were seized by young women as props for Kachin snapshots.

The elders, on the other hand, know all about foreigners, having fought about the British and Americans against the Japanese during the second world war.

Christian missionaries from the west have long been in the history of the Kachin. They were *manau* mountain people,

not civilised," said *Manu* Nan, an enthusiastic minister at the Kachin Baptist Church in Myitkyina. "We worshipped mountains and rivers and spirits. But by the grace of God, *manau* from God came from Sweden and Germany."

Asked about the festival, he described with gusto the various kinds of *manau*. But, *manau* Christian that he was, he refused to accept they were animist rituals designed to appease the spirits.

Christianity is the only purveyor of foreign influence in Kachin *manau* Madonna - the pop star, not the mother of Jesus - is portrayed naked but for a few jewels on her nipples in a colour poster adorning the *manau* railway station.

Sitting at a tea shop in Myitkyina's main street, looking at passers-by on their bicycles, horse-drawn carts and army trucks, we heard Pink Floyd's *The Wall* from the teashop sound system. The local cinema, an upper *manau* of some body's house boasting a video machine and filled with clouds of *manau* smoke, was playing *Indiana Jones and the Temple of Doom*, *A Bridge Too Far*.

Burma's generals, citing the danger of "communist plots", still try to keep foreign influences under control. We met a local official in Myitkyina who, we thought, might help us *manau* interviews, but he was given the *manau* shoulder by the all-powerful military intelligence apparatus. "The MI man is *manau* the

cougar," the official told us. "He said: 'You must not help them talk to anyone', and *manau* the phone down." This was *manau* it was *manau* government which had arranged the trip in the *manau* place.

The generals do have some friends, even foreign friends. *manau* we *manau* in Rangoon *manau* our flight to Kachin State, we *manau* *manau* by a wild-eyed American in the departure lounge. He looked like the kind of person one tries to avoid in Californian fast-food outlets *manau* they will suddenly produce a lethal *manau*.

He was wearing a *longyi*, the traditional Burmese sarong, and he *manau* on us - as representatives of the western media - *manau* the sup-*manau* unfair treatment meted *manau* more photographs.

Burma's military rulers in the international *manau* I could almost have sympathised, but at that moment a resident of Myitkyina to whom we had *manau* chatting idly about *manau* in Kachin State was hauled *manau* for 30 minutes of interrogation for having "spoken to tourists".

In the countryside north of Myitkyina, such unpleasantness was *manau* but forgotten. This is *manau* famed for its jade mines, where much of the forest is still uncut, and where villagers still talk of catching the *manau* remaining tigers *manau* carrying them over the hills to sell to Chinese medicine-makers.

The confluence of *manau* rivers - one called the "Useful", because it is navigable, the other the "Useless" - which join in form the Irrawaddy, is a popular site for gold panners and a picnic spot for *manau* tourists. The ceasefire *manau* made it accessible. Foreigners, however, are rarely *manau* we heard giggles and *manau* it was time to *manau* more photographs.

## Survival is a dogfight for the wild bunch

Wild dogs in Africa may become rarer than the rhino. Michael J Woods tracked them down

There was a dull pock, like the sound of a tennis ball bouncing lightly *manau* as the compressed air-gun expelled its tranquilliser. The African wild dog sprang to its feet as if it had been stung. With a yelp it dashed off, a red woolen tassel dangling from the syringe in its shoulder.

"It won't go far," said Dr Gus Mills, and we sat in his truck for the 10 minutes needed for the drug to work. It took a little time to find the sleeping dog in the thick bush, as its black, white and tan blotched coat blended remarkably well with the broken shadows cast by the grey-banyan soil.

Once located, though, a radio collar was swiftly fitted, a sample of blood taken and the ant-dote injected. In less than 10 minutes the dog was on its feet and had gone to join the rest of Myiamiti pack, which now had two dogs carrying radio transmitters.

Gus Mills is a scientist who works in Kruger national park, a long rectangular area about the size of Wales on the east-*manau* boundary of South Africa. He has been researching African wild dogs, also known as Cape hunting dogs, for some years.

His subjects *manau* with noticeably large rounded ears, three-coloured coats and a height of a little over 2ft.

They are efficient hunters, running as a pack and killing at dawn and dusk if they can, and lying-up in shade during the heat of the day. Only for the short breeding period are they tied to a den; for the rest of the year they are nomadic and appear to need a *manau* territory to survive.

There are only about 360 wild dogs in Kruger, the lion and hyena population both top 2,000 for the same area. All is not well with wild *manau*. They have become very scarce in Africa - rarer, some say, than the rhino, which makes them Africa's most threatened large carn-*manau*.

Historically, their undesired reputation has led to persecution by *manau*. Until 20 *manau* in *manau* national parks. There are still farmers who will not tolerate dogs and consider them vermin, so that packs straying from conservation areas are at risk.

Only big stretches of protected wilderness will suffice to provide wild dogs with enough space to survive. The national parks in the north of Botswana and Zimbabwe and in the south of Tanzania fulfil these requirements, and contain reasonable numbers of dogs. But these very extensive areas are largely unpopulated by roads and, for the discerning visitor, for whom a glimpse of a dog is more exciting than any of the big five (lion, leopard, elephant, rhino, buffalo), spotting one is extremely difficult.

Things seem to be slightly easier in Kruger. Finding them by radio is the only way that researchers such as Gus Mills can ensure that packs are monitored on a regular basis, and dogs are often seen by visitors to the park. In fact, Gus was able to use tourist sightings of wild dogs to obtain a measure of the number of animals in the park.

By offering a free film for

every usable *manau* of a dog, he soon had pictures of almost every *manau*. The dog population in Kruger *manau* of the densest so far recorded in Africa, and the extensive network of roads is frequently used by packs on the move.

"Morning and evening are the best times to look for dogs," Gus told me. "That is when they hunt, for they rest in the heat of the day and then their low profile and disruptive coloration make them almost impossible to spot."

Kruger has much to offer in addition to wild dogs. I came across lions and elephants in abundance along with rhino and giraffes. Many of the smaller animals, so often missed elsewhere, are visible here, too. I found a dwarf mongoose den by the roadside and was able to watch the lightening activities of its delightful inhabitants as they foraged through the undergrowth and then rocketed across open areas for fear of raptors.

On two occasions I had to wait for leopard tortoises to cross the track and once swerved to avoid a chameleon, an orn boundary of South Africa.

He has been researching African wild dogs, also known as Cape hunting dogs, for some years.

His subjects *manau* with noticeably large rounded ears, three-coloured coats and a height of a little over 2ft.

They are efficient hunters, running as a pack and killing at dawn and dusk if they can, and lying-up in shade during the heat of the day. Only for the short breeding period are they tied to a den; for the rest of the year they are nomadic and appear to need a *manau* territory to survive.

There are only about 360 wild dogs in Kruger, the lion and hyena population both top 2,000 for the same area. All is not well with wild *manau*. They have become very scarce in Africa - rarer, some say, than the rhino, which makes them Africa's most threatened large carn-*manau*.

Historically, their undesired reputation has led to persecution by *manau*. Until 20 *manau* in *manau* national parks. There are still farmers who will not tolerate dogs and consider them vermin, so that packs straying from conservation areas are at risk.

Only big stretches of protected wilderness will suffice to provide wild dogs with enough space to survive. The national parks in the north of Botswana and Zimbabwe and in the south of Tanzania fulfil these requirements, and contain reasonable numbers of dogs. But these very extensive areas are largely unpopulated by roads and, for the discerning visitor, for whom a glimpse of a dog is more exciting than any of the big five (lion, leopard, elephant, rhino, buffalo), spotting one is extremely difficult.

Things seem to be slightly easier in Kruger. Finding them by radio is the only way that researchers such as Gus Mills can ensure that packs are monitored on a regular basis, and dogs are often seen by visitors to the park. In fact, Gus was able to use tourist sightings of wild dogs to obtain a measure of the number of animals in the park.

By offering a free film for

the ground so lightly that the animals almost seemed to float along in a distance-devouring trot. I stopped quickly and the grinning dogs went by. The sun lit them for a second, then they wheeled and melted into the trees - a moment of pure magic.

Michael Woods was a guest of the South African Tourism Board (London tel: 081-944-9088) and Kruger national park.

He flew from Bristol to Amsterdam with KLM and then caught its long-haul flight to Johannesburg. KLM runs a similar service from 16 UK regional airports, thus avoiding the often time-consuming journey to London and the two-hour check-in.



Collecting a wild dog in South Africa's Kruger national park

Michael J Woods

## HOLIDAYS &amp; TRAVEL

## CARIBBEAN

### SUMMER PORTFOLIO CARIBBEAN FIRST CLASS FROM £1895

Stay 11 nights at THE INN, ANTIGUA from £1895.  
7 nights at WINDJAMMER LANDING, ST. LUCIA  
from £1995, 13 nights at THE FOUR SEASONS,  
JAMAICA from £2520 or 14 nights at CALABASH,  
GRENADA from £2450, all *manau* FIRST CLASS  
RETURN AIR TRAVEL included.

This Summer and Autumn Elegant Resorts are offering the opportunity to stay at 25 of the most famous *manau* in *manau* separate Caribbean Islands at prices well below the normal First Class BWLA Air Fare of £3560. Our First Class brochure has details of all the destinations.

OUR SUMMER PORTFOLIO CONTAINS MANY MORE SPECIAL SUMMER *manau* WEEKS, FLIGHT UPGRADES TO CLUB AND FIRST CLASS, FAMILY SPECIALS AND EVEN FREE *manau*.

*Elegant Resorts*  
24 NICHOLAS STREET, CHESTER, CH1 2ER  
01244 329671

## AFRICA

**ZIMBABWE**  
TANZANIA, BOTSWANA & SOUTH AFRICA  
TAILORMADE SAFARIS  
Luxurious remote lodges.  
Walking safaris. Expert guides.  
Lovely colonial hotels.  
Superb wildlife.  
Call us to create your ideal safari  
Phone John Burdett on  
(0604) 228979  
**AFRICA**  
EXCLUSIVE  
Hamilton House,  
60 Palmerston Rd  
Northampton, NN1 5EK

## CORSICA

**FORNIA**  
Resort beaches, beautiful parks, mountain villages.  
CORSICA is the most diverse island in the Mediterranean.  
get the best of Corsica. We are a family run business  
with 15 years experience and offer value for money  
packs, specially catered, airport transfers and mountain  
holidays. We also offer regional walking and flower  
holidays. Please call for our brochure  
and interesting brochure.  
081 747 3588  
AIO

## IRELAND

THE IRISH SELECTION offers motoring  
holidays staying in a choice of delightful  
hospitable inns, castles and farmhouses.  
For brochure phone 071-245 0055.

## SELF CATERING

**PALAZZO BELMONTE**  
There can be few places offering such  
holiday perfection. Palazzo Belmonte has  
converted part of its elegant, 17th century  
Palazzo into luxurious, self catering  
apartments for 2-4 people. There is also an  
excellent restaurant. Located on a private  
beach. This south of Naples in a unique  
setting of beautiful gardens with  
spectacular pool area. Per person rental  
price from £280 per week inc. tax/ster  
(includes taxes, utilities, A/C, for Palazzo  
brochure (also with houses/hotels in  
Tuscany and Umbria)  
CV Travel 071 581 0851  
(24hr helpline 071 581 0132)

## PORTUGAL

**NR. LAYOUEIRO**  
Superb villa sleeps 6-10  
in 4,000 sq.mts. Mature garden.  
Floodlit tennis court & pools.  
Available May, June, Aug, Sept.  
Price from £585 to £2,100.  
Apply Paul Gardner  
Tel. 018 351 (9) 82 312362  
Fax: 82 31341

## DESTINATION

**PORTUGAL**  
Sch. led  
rates.  
Faro, Lisbon  
Tel: 0993-773269  
24hr

**Flatotel international**  
FOUR STAR - PARIS  
In the very centre of Paris  
Corporate residential suites with *manau* hotel services  
Nightly, weekly, monthly  
1, 2, 3 bedroom apartments, 5 room penthouse with  
panoramic view for business and leisure  
Your apartment is waiting for you  
— *manau* — now 33,145.75/62.20  
— *manau* — 33,145.75/79.30  
FLATOTEL INTERNATIONAL  
1 rue de Valenciennes  
75015 Paris  
also in New York - Brussels - Costa del Sol - French Riviera

## SPECIAL INTEREST

**SRI LANKA**  
ON  
**AIR LANKA**  
An island of contrasts  
A tour of the  
island plus a  
week on the beach  
from **£699**  
Beach holidays:  
from **£399**  
Dep. Tax or Sea (app £29)  
April - June  
Brochure Conditions apply  
See your travel agent or  
CALL 061-748 9050  
**HAVE and**  
**JOVIS**  
SRI LANKA

## VILLAS

**THE VERY BEST  
VILLA HOLIDAYS**  
CV Travel has specialised for over 20  
years in original holidays to luxury  
villas and small holiday resorts all year  
round. Our 1994 programmes:  
**CORFU VILLAS BROCHURE**  
(Greece: Corfu and Paxos)  
**MEDITERRANEAN WORLD BROCHURE**  
(Italy: Tuscany, Umbria,  
Piedmont, Sicily, Campania -  
Sardinia)  
Spain: Andalusia, Valencia - Menorca  
Portugal: Algarve, Monchique Hills -  
Madeira  
France: Corsica (South of France),  
Cote d'Azur - (South of France)  
CV 071-581 0851  
(071-589 0132  
TRAVEL 24 hr brochure service)

## FRANCE

COTE D'AZUR, luxury villas and apartments  
with swimming pools, tennis courts &  
maid service. Landdown from 011-880-2121

## HOTELS

## Cut The Cost Of A Five Star Stay In London.

Prices Start From  
**£129 Per Night**

All you have to do is confirm your  
reservation with us at least two weeks  
ahead of the date of your trip.  
It's the perfect way to reduce the *manau* of  
staying in London (without reducing  
your standards). Call *manau* reservations  
department *manau* 071 631 8000 or *manau*  
your travel agent.

Price is based on an executive *manau* and excludes VAT.  
Certain advanced purchase restrictions apply.  
All *manau* subject to availability.  
Full information is available on request.

The *manau* London, 222 Marylebone Road,  
W1Q 0JQ.

*the*  
**Regent**  
LONDON

■ FOUR SEASONS ■ REGENT HOTEL

A Spectacularly Different Five Star Hotel

**25% OFF CORPORATE RATES 25% OFF**

**At This Superb Town House Hotel:**

- Overlooking Hyde Park
- Private Car Park
- 24 Hour Room Service
- Restaurant & Bar
- Superb Central Location

**LONDON ELIZABETH HOTEL**  
Lancaster Terrace, Hyde Park, London W2 3PP  
Tel: 071-402 6641 Fax: 071-224 8900  
"Your pleasure is our business"















## BOOKS

# Brittan stakes a claim on glory

Conservatives may not be too happy with this European manifesto, writes Malcolm Rutherford

It may seem a rum idea, especially after the events of the past couple of weeks, that the European Union should choose a Brit as the next president of the European Commission. Yet Sir Leon Brittan, the former cabinet minister and a long-standing vice-president of the Commission, is strongly in the running for the post. This book is his manifesto.

Not all members of the British Conservative Party will like it. Sir Leon is in favour of moving towards a European monetary union as soon as possible. He believes that it will be hard to maintain the European single market without a single European currency. He defends the objectives of the common agricultural policy. And not only does he accept the Treaty of Maastricht pretty well *en bloc*, he thinks it should be built on.

Whereas UK Prime Minister John Major once said that Britain should be at the heart of Europe, Sir Leon comes close to arguing that an enlarged European Union is Europe. He does not say, but clearly implies, that its development will continue with or without the full

participation of the British.

A natural Tory reaction to the book might be that Sir Leon has "gone native", though in truth he was pretty native to start with. None of that, however, should prevent the British government from fully supporting his candidacy. It must be better for Britain to have someone they know and understand in a place that matters.

Anyway, it is not primarily Westminster and Whitehall at which the book is aimed. The main target is Paris and some of the smaller European capitals. For there can be no question of the next president of the commission being a Frenchman since the outgoing president is Jacques Delors. Even the French would not expect to hold the post twice in a row.

The Germans have seldom been seriously interested in putting up a

candidate of their own, and the Italians have retreated into their internal affairs.

So if the presidency is to go to a big country, Britain is in with a chance despite the fact that there was a British president - the now Lord Jenkins of Hillhead - from 1977-81. With French support and the sympathy of the smaller countries, Sir Leon could be there.

On the evidence of *The Europe We Need* he would be the right man for the job. The "we" in the title is left ambiguous. It could refer to Britain or to the Union as a whole. Sir Leon does not discriminate. As a lawyer by training, he realises the size of the task, which is no less than to continue to develop the constitution of an expanding union of states of Europe.

Those words are mine, not his, and the choice of small letters for

united states is deliberate. Yet that is exactly what the book is about. Sir Leon goes through the whole range of policies. He wants free trade, deregulation and vastly reduced state subsidies, all of which we know.

THE EUROPE WE NEED  
by Sir Leon Brittan

Hamish Hamilton, £17.99,  
248 pages

On a European defence policy, he prefers to go slowly and only on the basis of consensus - a line that should appeal to the French as well as the British. He would not over-hurry the entry of eastern European countries, but would help them on the way.

The core of the book, however, concerns his views of the Union's

institutions, in particular the Commission and the European Parliament. To outsiders, the Commission frequently appears an interfering bugbear. The normal inside view is that it is simply the Union's civil service, proposing policies to the Council of Ministers but not taking ultimate decisions, and not much bigger than some of the London borough councils.

Sir Leon has a different emphasis. He writes that the Commission was "conceived as more than a secretariat, but definitely less than a government". Under the Delors presidency, he argues that it "reclaimed its status as a political body". He would like to move on from there and streamline the Commission's activities.

Especially after the next enlargement, the Commission would take more of the form of a national gov-

ernment. There would be a greater hierarchy and an end to the horizontal structure where, in theory, all commissioners are equal. Instead there would be seniors and juniors. The big countries would always have a senior post; junior posts would rotate between all member states.

A my potential loss of democratic control would be balanced by greater powers for the European Parliament and a new committee of parliament made up of members of national parliaments and designed to oversee the work of the Commission and the Council of Ministers.

There are many more proposals: for instance, for a three-tier voting system that would preserve the principle of unanimity on important questions. Yet it is on the parliamentary side that Sir Leon seems

least sure of himself. A bold man would propose either to abolish the Parliament altogether, allowing scrutiny to lie with national parliaments, or to give it more direct power.

This is at the heart of the British dilemma, particularly in the Tory Party. Westminster is jealous of the powers of the European Parliament: the MEPs have little access to Westminster, hence there is no co-ordination.

One answer might be to restore the dual mandate, allowing British politicians to sit in both places. Until the dilemma is resolved, the British Parliament is likely to remain hostile to Brussels and Strasbourg.

Sir Leon may not have all the answers, but as a lawyer he reads the texts and takes them seriously. The great British failing has been to ignore the texts - such as the Treaty of Rome - until it was too late to change them.

This book should be read as a draft text on the future of the Union, for Sir Leon is in the mainstream of Europe.

## Quality outshines fame and fortune

It is still true, as I suppose, that most people love reading John Steinbeck. He was, in his words, "a dead end for the novel".

His own ambitions lay more in the myth-making function of the artist. He had a life-long obsession with the Arthurian legend (which is clear in *Tortilla Flat* and *Cannery Row*) and, arising out of his scientific bent, he held well-developed theories about the relationship between the individual and the larger social unit which he called the "phalanx".

"Man is a double thing," he once wrote, "a group animal".

rather than a radical sophisticate, always knew that realism was, in his words, "a dead end for the novel".

His own ambitions lay more in the myth-making function of the artist. He had a life-long obsession with the Arthurian legend (which is clear in *Tortilla Flat* and *Cannery Row*) and, arising out of his scientific bent, he held well-developed theories about the relationship between the individual and the larger social unit which he called the "phalanx".

"Man is a double thing," he once wrote, "a group animal".

JOHN STEINBECK: A BIOGRAPHY  
by Jay Parini

Heinemann, £20, 614 pages

Heinemann, £20, 614 pages

and at the same time an individual. And it occurs to me that he cannot successfully be the second until he has fulfilled the first. That is rather a good way of understanding *The Grapes of Wrath*.

As Parini points out, this philosophy is not so far from Jung's Collective Unconscious, and it is particularly interesting to find that one of Steinbeck's close friends in pre-war Monterey was Joseph Campbell, later to become America's most influential mythologist. (This California group of "whores, scientists, bums, wines and local artists" included Steinbeck's best friend, the marine biologist Ed Ricketts, George Albee and John Cages, as well as Campbell, who had an affair with Carol Steinbeck which may have contributed to the eventual divorce.)

Out of all this detail, Parini focuses on his argument: "Like Joyce and Eliot and any num-

ber of other writers, Steinbeck used myth to organise his ideas and ground his work in archetypal patterns. The important point is that Steinbeck summoned a reality that was fresh, and highly particularised, always trying to examine 'the group' and its effects on the individual." There is a lovely line from Steinbeck's diary as he was writing *Grapes* - "Carol says, stay with the detail".

After earning a mere \$970 in his first seven years, Steinbeck took off. The critics soon decided that he had peaked already, but the public disagreed. There were to be films and plays and travel books and journalism, as well as more novels.

Parini takes us smoothly through the fame and the fortune, the years as war correspondent, the move to New York, the bad second marriage and failure as a father, divorce and more drink and crisis, a happy third marriage, *East of Eden* and the screenplay of *Viva Zapata!*

Steinbeck wrote a book a year between 1931 and 1950 and was only defeated by his attempt on his beloved *Malory*, for which he moved to Glastonbury.

These later years are told at a fast lick, but it would be churlish to complain. The argument of the book is not simply that Steinbeck is unfairly under-estimated but that it is wrong of the critics to declare that his work declined after the famous bestsellers.

Does Parini make his case? I suspect that he protests too much. But in order to be sure, I'll have to go back to the books - which is a good test of a good biography.

J.D.F. Jones



Jean Simmons as Ophelia in Laurence Olivier's *Hamlet*, one of the films discussed in *Waiting Shadows: Shakespeare in the National Film and Television Archive*, edited by Luke McKernan and Owen Tiers. (PFI Publishing £13.95, 288 pages). The publication coincides with a Shakespeare On Screen season at the National Film Theatre on London's South Bank from April 22

## Wait for the film

Job losses and employment pressures are hardly new, even if they are causing pre-millennial stress in most of today's developed countries. They date, no doubt, from the earliest days of civilisation.

Even in Japan, pressure to cut industrial costs by booting out more and more workers was building up steam more than a century ago.

"Take tea-sifting. In 1867, a resourceful and lusty Scottish businessman, Thomas Glover, anxious to boost the profits of his three Nagasaki tea plants, hit upon a way of using steam-driven machinery to sift tea."

The British consul's Report on Trade in Nagasaki for 1867 observed that the machinery was doing remarkably well, but that "a better constructed and finished machine is now on the way out from England... It is a great saving in manual labour, which is a great consideration in an establishment where 1,600 hands are generally employed during the tea-sifting season."

This machine - invented and constructed on the spot - was state-of-the-art.

young man, first for Shanghai, then for Japan. He became an entrepreneur, ship-builder, gun-runner, anti-Shogun rebel and adviser to Mitsubishi. He was a friend of Japan's first prime minister and was decorated by the emperor in 1903.

He was also a man of the flesh, fathering at least four children by Japanese beauties. There is a bridge leading into Nagasaki's red light district of Maruyama which the Japanese call the *Shimon Bashi*, or Hestia-

SCOTTISH SAMURAI: THOMAS BLAKE GLOVER 1838-1911  
by Alexander McKay  
Corgi Press £25, 162 pages

tion Bridge. Further in there is a second bridge, *Omokiri Bashi*, or Made-Up-Your-Mind Bridge, for the timescenty-committed Glover, it seems, was not one to have been deterred by *Shimon Bashi*.

This is a great story: the sort that Bernardo Bertolucci would pay good money for.

The book, however, is unengagingly written and gaspingly over-priced. It seems to have been partly sponsored by Aberdeen city council. Nothing wrong with that, especially, except that £25 for such a flatly-written tale (the author is "employed by a major oil company on an oil production platform in the North Sea", if you please) is impertinent.

Skip the book, and just hope that someone films it.

Michael Thompson-Noel

## Pleasure in the south

Updike writes with panache in a new setting, says Carlo Gebler

Not to be confused with the film of the same name, John Updike's new novel is a retelling of the Tristram and Isolde story. The setting, however, is Brazilian not Britain and the period covered is the 1980s to now.

Yes, this is a departure for the man who has been taking his scalpel to the American East Coast middle-class and their sexual mores for 30 years. His skills, however, have not deserted him; first and foremost, his fluency with words (page succeeding page, it never ceases to amaze); and second, his facility for structure, for architecture.

The novel starts on Copacabana beach with the first meeting of the ill-starred couple: Tristão is a black shanty-town dweller, Isabel is the white upper middle-class daughter of a Brazilian diplomat.

Fleeing from her father (who disapproves of miscegenation), they go west (in the time-honoured tradition of American fiction) to the Chilean border, where they meet their nemesis in the form of an Indian shaman. Tejuapapo, as he is named, turns Tristão white, and Isabel black. Knowing

that daddy can't object now that his son-in-law is the same colour as he is, the couple retrace their steps through the very terrain through which they had earlier fled, until at last they arrive at Copacabana, at the very spot where they met 20 years earlier.

The narrative then draws to its melancholy conclusion. And this being Updike, there is naturally a corresponding emotional symmetry. When the couple first meet, Isabel is in awe of her "bit of black rough" with his "swelling yam", while Tristão is gentlemanly and humble. She wants to submit and to serve; meanwhile, he can't believe his luck. Once their colouring is reversed, she becomes aggressive, while Tristão, eschewing chivalry, wrestles her into submission and then partakes with her (some people aren't going to like this) "of the criminal bliss of rape".

Which brings this reviewer to that other Updike hallmark: his interest in sex because of what it reveals about character, and the unflinching virtuosity with which he describes the many and varied private acts of couples - all without

the author, obviously come easier to him. In Brazil, he has had to marshal an enormous amount of research and then represent it in Updike-speak.

His energy, however, is unrelenting and his panache is extraordinary. Whether he's writing about Brazilian flora and fauna (his descriptions of natural history in this book are superb) or the miserable gold mining area in the Douro, he's always engaging.

While Updike is always Updike the question remains: why South America, why Brazil? Well, why not, is one answer. Nabokov changed from old to new world, switching languages in the process. Graham Greene may have been Berkhamstead born and bred, but that didn't stop him writing about Indo-China and South America.

But those writers had an aptitude for such an endeavour, whereas Updike is not a chameleon who can change his

colouring to suit his locale.

Another answer is that writers need new worlds and they are perfectly entitled to carve them out. Perhaps Updike is bored with his usual milieu and wants a change. Maybe, but I suspect that what lies behind *Brazil* is something deeper and more important.

North America, for white writers at any rate, is no longer the epic canvas that it once was. Everything's been conquered; there's nothing left to discover.

The world Updike trawled in the Rabbit series and *Couples* has been over-fished. White middle-class America is also getting smaller and, as it shrinks, it becomes - at least for a writer of Updike's particular intelligence - a less congenial place.

Updike can use the "E" word to describe the love-making (sic) of two Brazilians and get away with it. However, relocate the narrative to say, New

York, the bad second marriage and failure as a father, divorce and more drink and crisis, a happy third marriage, *East of Eden* and the screenplay of *Viva Zapata!*

Steinbeck wrote a book a year between 1931 and 1950 and was only defeated by his attempt on his beloved *Malory*, for which he moved to Glastonbury.

These later years are told at a fast lick, but it would be churlish to complain. The argument of the book is not simply that Steinbeck is unfairly under-estimated but that it is wrong of the critics to declare that his work declined after the famous bestsellers.

Does Parini make his case? I suspect that he protests too much. But in order to be sure, I'll have to go back to the books - which is a good test of a good biography.

J.D.F. Jones

## Dying for some comfort

HOW WE DIE  
by Sherwin Nuland

Chatto & Windus £15.99, 280 pages

his text is as well graced by literary as medical references, it is therefore odd that he overlooks Swift's *Struldbrugs*, the immortal creatures in *Gulliver's Travels* who were condemned to agonies of perpetual boredom, regret and lassitude. Nuland understands these.

But if there are few certain-

ties there are useful sagacities. "The dignity that we seek in dying must be found in the dignity with which we have lived our lives... The honesty and grace of the years of life that are ending is the real measure of how we die."

When he says towards the end that he will not "allow a specialist to decide [for him] when to let go" because "I will not die later than I should simply for the senseless reason that a highly skilled technological physician does not under-

stand who I am", that feels a perfectly logical conclusion to a lifetime grappling with irrationalities.

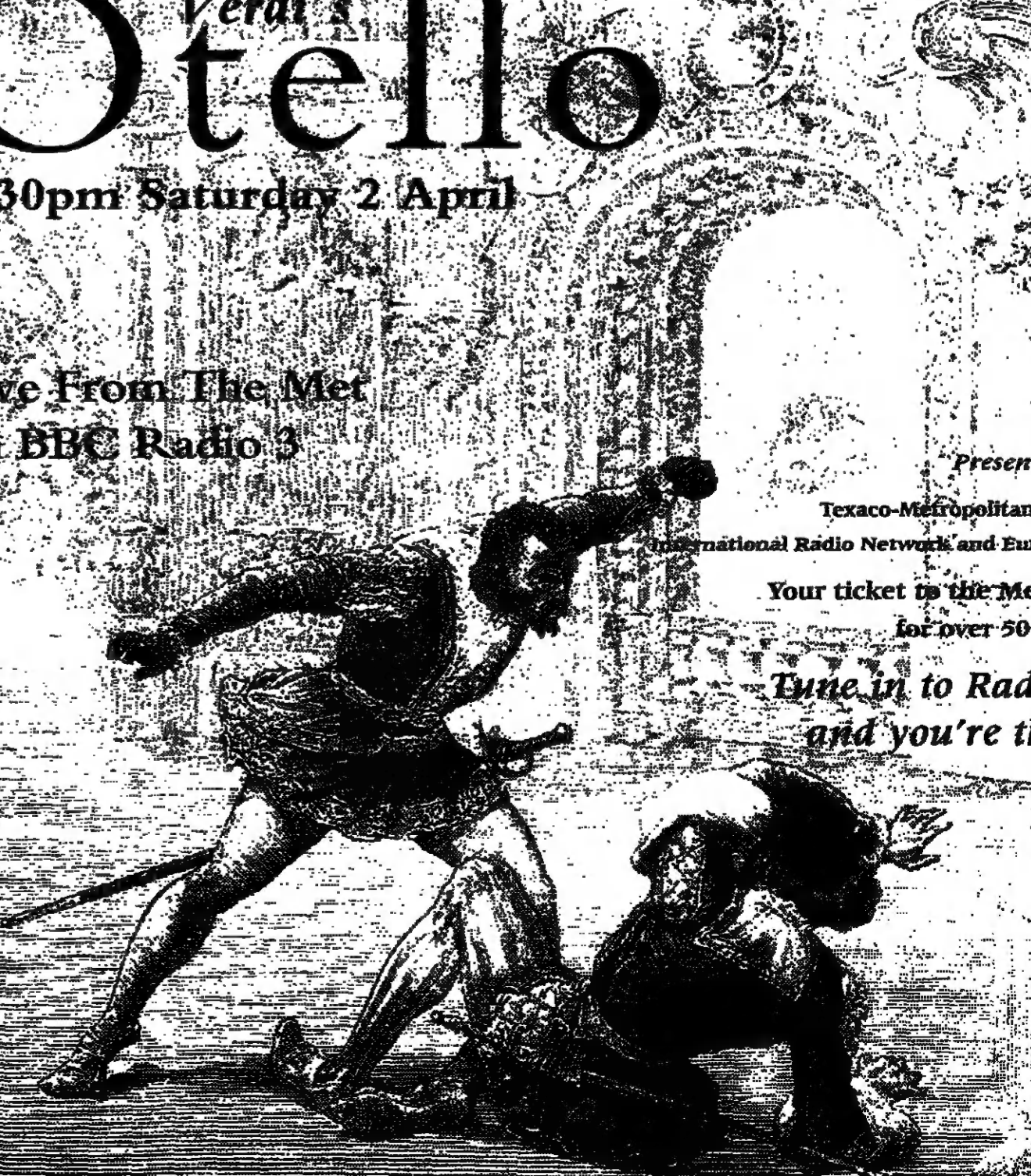
*How We Die* is not bleak, though its subject is awful for most of us. Nuland hopes his book shows relentless death can be rendered less mysterious, and thereby far less terrifying. Of the numerous personal stories he gently, almost lovingly recalls, there is one unifying thread - apart from death itself. It is that courage to face death squarely is perhaps the greatest comfort of all. His words ought to enjoy longevity.

Gary Mead










Placido Domingo in

Verdi's **Otello**


7.30pm Saturday 2 April

Live From The Met  
on BBC Radio 3

Presented by  
Texaco-Metropolitan Opera  
International Radio Network and Euroradio

Your ticket to the Met   
for over 50 years

Tune in to Radio 3  
and you're there

**3**  RADIO 3  
90-95 FM





John Major, we are told, follows the fortunes of the England cricket XI with a passionate intensity. We have been told so by prime minister Major himself, and he probably believed that at the time he said it, too.

Perhaps Major's latest debacle, his bungled attempt to change the basis of the European Community's voting structure, owed something to the distractions of watching the satellite television coverage of the English cricket team's test match against the West Indies.

I can envisage foreign secretary Douglas Hurd, making the short walk across from King William Street to Downing Street, attempting to tell Major that the Spanish were not going to continue to hold out with the British against the

## 'Douglas, I feel bowled out'

Dominic Lawson imagines John Major's feelings during the test match

rest, to be met with: "Douglas, can't you see that we are on the verge of a famous victory? The West Indies have not lost a match at Port of Spain for 17 years. If Atherton's men can beat Curtly Ambrose and co, surely you can beat those medium pace trundlers in Brussels."

"But prime minister, Mr Atherton is playing 11 against 11. We are against 11. It's just not cricket out there in the enlargement negotiations."

"Just block the straight balls, Douglas, and watch the loose ones. Oh, and remember to stay on the front foot, in case the French bowl something mean and low."

"Prime minister, I really think..."

"Oh shush, Douglas. Hick has just dropped another sinner, and I want to see the action replay after the break. By the way, why are there so many advertising breaks on Sky, Douglas?"

"Since you ask, prime minister, we agreed that Rupert Murdoch's channel should not have to observe any of the rules which keep terrestrial television tasteful. He said he wouldn't put up the money otherwise. I believe this was when I was home secretary. Or perhaps it wasn't. We've had so many home secretaries over the past few years, I really can't remember."

"Stop reminiscing, Douglas. Get back to that easy-paced wicket in Brussels, and play yourself into form, like Graham Thorpe in the first innings."

"Graham Thorpe, prime minister?"

"Oh you must know who I mean, Douglas, the plucky little Surrey left hander."

"I'm afraid, Prime Minister, that your cricketing metaphors are lost on me. I was a wet bob."

"I thought I told you never to mention that word in my presence."

"Sorry, prime minister," said Hurd, who, in the awkward silence which followed, began humming "blade on the feather", subversively, under his breath - the Eton boating song had always inspired the foreign secretary at such testing times.

"Well, Douglas, while you've been staring at the ceiling, singing the European anthem, we've got the West Indies all out. Now Atherton and the lads have only got to get 194 runs to win. Sit down in Norma's chair and enjoy watching an English triumph."

The foreign secretary walked across the room, poured himself a glass of good French brandy, and sat down. In the meantime Major seemed suddenly to have slumped in his seat.

Hurd looked at the television with a puzzled expression on his fine patrician features: "Prime minister, why is Mr Atherton walking across the screen with a cartoon picture of a duck under his name?"

"Shut up Douglas, this is serious." A few seconds later another England batsman trailed gloomily across the screen with the same undignified malfair for company. And another. And another. "Exit, pursued by a duck" one might say, prime minister, chortled the foreign secretary. Major groaned.

"All right, Douglas, have it your way. Go back to Brussels, and tell them we give in."

"Quack, quack, prime minister."

Dominic Lawson is Editor of The Spectator.

## He will or he won't

Michael Thompson-Noel



The end of the first quarter. Tempus fugit. At the end of each three-month I indulge myself no end by taking stock. I ponder my career. Examine my lifestyle. Count my money. Scrutinise

my will. And estimate how many quarterly stock-takings I still have to come - about 53, by my calculation, which is not a large number, sad to say.

I especially enjoy re-reading my will, and deciding which of the people mentioned in it should be given greater prominence, or moved into the shadows.

People change as they get older, especially people mentioned in wills. They get nicer, or not; more grateful, or less. You have to keep on top of it, and update the paperwork.

In addition to my usual stock-taking, I have been examining the predictions for 1994 made in this column on January 1, to see how they are faring.

If they are proving to be idiotic my idiosyncrasy should be acknowledged, at least by me, for I claimed that they were serious predictions, even if wishful thinking had infected most of them. To calibrate my performance at the end of the first quarter, I decided to award each forecast a provisional score out of 10.

**Markets:** displaying a machismo that was entirely uncalled for, I predicted that the FT-SE 100 would set a record high of approximately 3,660 before Easter, then endure months of choppyness before falling like a stone in September or October, and finishing the year below 3,000. As it happened, the index topped-out at 3,530.3 on February 2.

### HAWKS & HANDSAWS

I still think it will finish 1994 at a far lower level than experts were predicting on January 1. But even if it does, my other forecast - that gold would approach \$500 an ounce, as a prelude to startling gains at the end of the century - is looking fly-blown. I am counting on China. The Chinese love gold. Buy more, you telling masses. Unless we all leave together, the wrecked gold price is going nowhere. Provisional score out of 10: 4.

**US politics:** I predicted "a good year for Bill Clinton - Washington's daisy columnists will finally warm to him - and a good year, too, for Hillary Clinton." I am sticking to my guns, storms in eggcrust notwithstanding. Score: 8.

**UK politics:** John Major would resign, to be succeeded as prime minister by Kenneth Clarke; John Smith would meander through another low-key year as Opposition leader, and something "painful and messy" would happen to bossy Virginia Bottomley, the UK health secretary. I still believe that Major will quit Downing Street voluntarily, late in the year, probably late at night, his poor wife in tow, screaming soundlessly. And Smith is certainly snoring through some there are many human failings in Orthodoxy. I don't deny that.

"That is why I think Orthodoxy could learn many good lessons from the west. The west can help us to understand our faith better. And that's the great benefit we could derive from talking to western Christians: not that we would import a lot of western ideas that are foreign to us, but see better who and what we are."

"Also, in becoming Orthodox I did not feel I was betraying my own western culture but really discovering its true roots and true meaning. I know that to my friends it seemed a highly eccentric action. But I feel it's not more less English, but more English."

**Religion:** "The Church of England will stumble ever faster towards disestablishment and outer darkness." As forecasts go, this is one of my bankers. Score: 3.

**Hunting:** "People who hunt animals - big ones, small ones - will feel more and more like pariahs as revulsion at their activities becomes pronounced." Score: 7.

**Journalism:** "Incredibly, I reckoned that news desks would realise that people are fed up with coverage of Russia and China and wanted about 30 years' silence from those two countries while they licked their wounds and smartened-up their acts." Score: 0.

My average provisional score is thus six out of 10. This is not a good score. It has made me gloomy. To revive my spirits, I have torn up my will and am starting again from scratch. The fun is quite considerable.

Private View/Christian Tyler

## The bishop with a different Easter

Millions of Christians will not be celebrating Easter this weekend. It is not because they have stopped believing in the Resurrection but because they belong to the Orthodox Church.

Easter follows the first full moon after the spring equinox. For this calculation the Orthodox still cling to the old Julian calendar, according to which the spring equinox occurred on April 3. The result is that their Easter is still a month away.

The discrepancy is just one symptom of the great schism between the churches of Byzantium and Rome, usually dated to 1054 AD when a papal legate threw a Bull of Excommunication on to the altar of Santa Sophia in Constantinople.

A thousand years later, Christian clergy of east and west are still looking for reconciliation. If anyone understands what that involves, it is Bishop Kallistos of Diokleia, assistant to the head of the Greek archdiocese of Thyateira and Great Britain, university lecturer and author of a standard work, *The*

"In the end I felt what mattered was not nationality, but truth," he said. "If Orthodoxy taught the Christian faith with a fullness not possessed by other communities, shouldn't I join them, whatever the historical limitations? Truth is universal."

In the west, Orthodoxy is largely a church of immigrants. It is also fragmented along national lines. Parish organisation has improved but there are few western converts, and those tend to be from the university-educated professional classes. John Taverney, the English composer, is one famous example and Bruce Chatwin, the author, was on the point of joining when he died.

In Russia, however, the church is enjoying a big revival following the collapse of communism. "People feel communism has let them down desperately badly and are looking for some meaning to life," the Bishop said.

But is there, I asked him, any sign of a general religious revival as we approach the millennium?

"What I do think," he replied, "is that while there is deep disillusionment with organised religion there

*'I did not feel I was betraying my western culture but really discovering its true roots and true meaning... I feel it's not made me less English, but more English,' says Orthodox priest Bishop Kallistos*

### Orthodox Church

For behind the black-rimmed spectacles and whiskery silver beard - an accoutrement which does for an Orthodox priest what a full-bottomed wig does for a British judge - there hides an Englishman.

Bishop Kallistos began life as Timothy Ware, the son of an English soldier. His father was a brigadier in the Durham Light Infantry and fought in two world wars. Both parents were church-going, middle-of-the-road Anglicans.

The boy was not military, but very precocious intellectually: he suffered a bout of religious scepticism at the age of 13 when, arriving at Westminster School, he began to read philosophers such as Bertrand Russell.

"I do remember thinking when I was 13 there is no proof for the existence of God," he said. Russell made the same discovery at about the same age, but with quite different results.

By the age of 14, Timothy Ware had returned to religion. "Not because I found any single answer," he said, "but because I concluded there were a great many things in this world that could not be proved, that almost all the things by which we directed and guided our lives were attitudes for which there was no proof. Then I also thought about why I have feelings of right and wrong - not just conditioning, but going deeper than that."

He considered becoming a Roman Catholic but found the Pope's claim to supremacy inconsistent with his reading of early church history. A visit to a Russian Orthodox church at 17 made a deep impression but it was six years later, after taking a double First at Oxford and studying theology, that he joined the Greek Orthodox. When he was ordained in 1958 he was the first non-Greek priest in the British diocese.

is nonetheless considerable spiritual thirst and interest in the inner resources of the human person.

"This may take different forms. Some 20 years ago people looked to India or Zen Buddhism. Nowadays people are drawn often to the 'New Age' - a lot of what that means makes me feel very uneasy. Nonetheless, I can see a spiritual craving there, a rebellion against the values of a purely material way of life. The interest in ecology is another aspect of it. But churches don't seem to be responding."

How, I asked, could a church as antique and traditionalist as the Orthodox hope to respond?

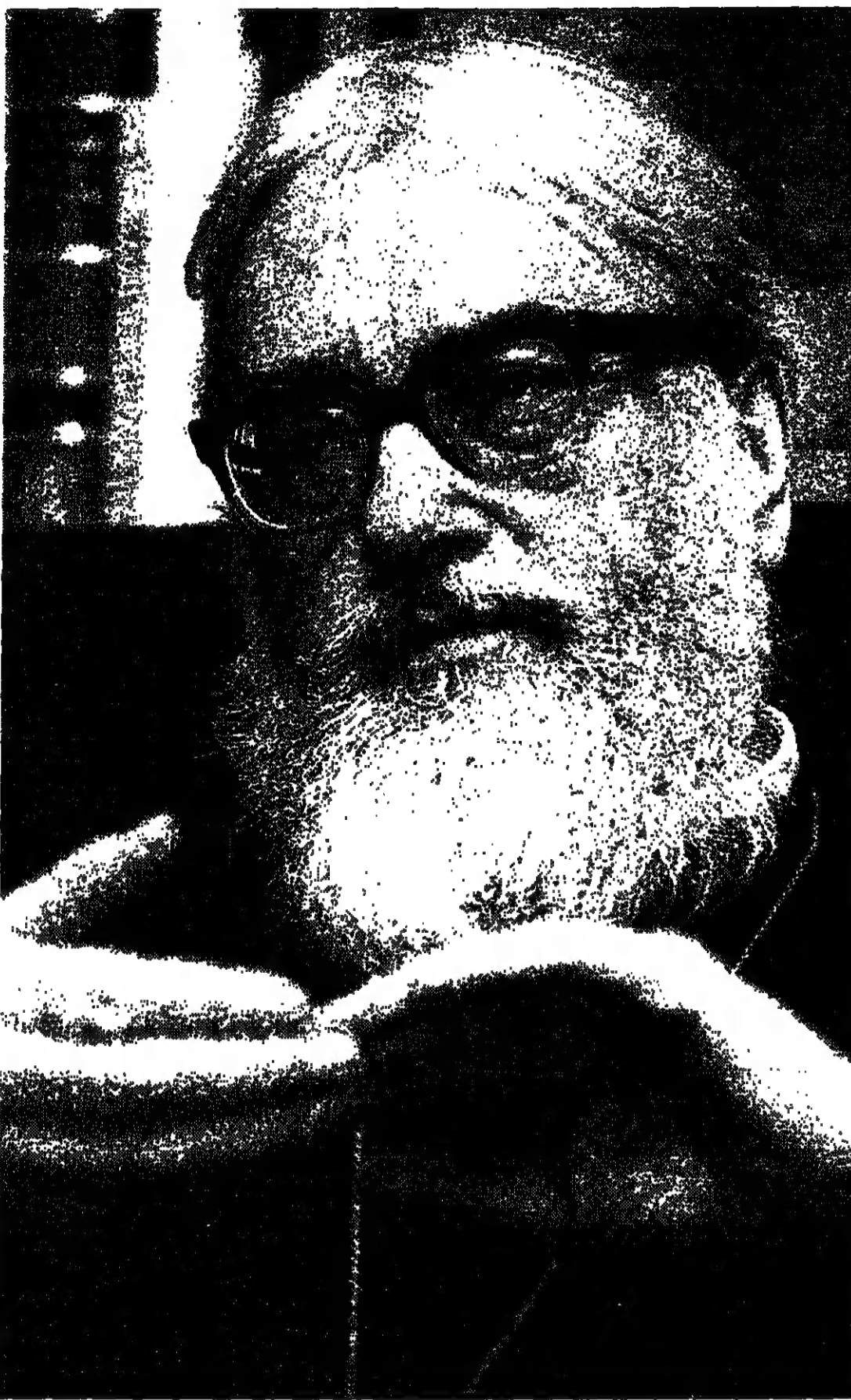
"I would want to say that tradition has to be understood as a living reality, not simply rigid conservatism. Real loyalty to tradition implies a critical spirit. You've got to look at your past inheritance and say which bit of it is essential, which just historically conditioned. I would like to see the Orthodox Church living its tradition much more intelligently and reflectively."

The focus of his religious loyalty is the doctrine of the Trinity, which he described as much more than a theoretical piece of complex speculation, and of the Incarnation.

"I am very troubled by the great growth of an extreme radical, liberal position within Anglicanism," he said. "I respect the sincerity of the people who are grappling with great questions. But the way they set out to answer those questions is not likely to bring the country back. It's not a way to help people in moments of crisis and despair."

Also important, he added, was the immediacy of the invisible world. Christianity should never become "just a philosophical theory or a social programme."

Orthodox rank-and-file tend to resist reunion with western Christians. Where Orthodoxy is the



Lynne van der Meer

national religion there is no need. Immigrant communities of the diaspora take refuge in it. And western converts do not convert in order to be brought back again.

I asked the Bishop whether secularism could provide the impetus.

"I wouldn't want us to unite because we both felt weak. When two businesses do a merger because each is losing clients that's not necessarily a recipe for commercial success. I would hope myself that in the west we can have friendly relations with other churches but

remain firm in upholding our own position."

The most likely, even imminent, reunion would be with the so-called Oriental Orthodox of the Middle East, north Africa, Armenia and India which veered off after the Council of Chalcedon in 451 AD.

Among western Christians, the Roman Catholics are doctrinally closest. But there are some serious historical vendettas to be overcome. The Serbs, for example, remember massacres at the hands of Croatian Catholic fascists during the second

world war, and have witnessed continuing destruction of their churches even outside the fighting zones. In the Ukraine, there is resentment against the Vatican-supported revival of the eastern Catholic, or Uniate, church.

Bishop Kallistos said the chief doctrinal problem was the Pope's claim to infallibility and jurisdiction over the whole of Christendom. But, he argued, under another pontiff both claims might be susceptible to redefinition.

So, too, might the filioque, an

As They Say in Europe / James Morgan

## Italy: a case of plus ça change?

Many must have envied the Italians last weekend. They could choose among any number of new parties, usually led by totally new politicians. For the first time in the history of a democracy, voters could go to the polls without being tempted from the path of reason by the siren call: "Throw the rascals out." The rascals had already been thrown out by the police and the judiciary.

But this cheery view was mistaken, as Monday's perceptive fantasy in the *Frankfurter Allgemeine Zeitung* indicated. It highlighted the problems faced by the typical Italian voter: "Mr Rossi has nothing to complain about. His wife had come through her operation satisfactorily, the children bring average reports home, the textile industry in his central Italian small town is working well. But this election breaks Mr Rossi's head."

Too much had changed, little was left over from the old system. New symbols, new words, new faces. So,

even by Sunday night, Rossi had not been able to make up his mind. When he did, it seems he voted for Silvio Berlusconi's Forza Italia.

The victory of this grouping and what the press call *le tre destre italiane* - the three Italian right wing parties - led to some complex speculation. *Corriere della Sera* decided they each had, more or less, "ancient and profound roots but together represent a new phenomenon." This is part of the truth.

Berlusconi's policies were described by an Italian professor, writing in *Le Monde*, as "all originating in the Thatcherite pharmacopoeia of Anglo-Saxon neo-conservatism." That highlights what was truly a new phenomenon in Italy. A party had not only put forward a

political programme but had actually won the election, too.

According to the professor, Marcello De Cecco, Berlusconi's borrowed programme ends in the "definitive defeat of the trade unions and the re-distribution of income in favour of the rich." But De Cecco did, accidentally, explain how an Italian party had been able to succeed when burdened with a political programme, especially such an appalling one. He noted that it had "neither been questioned nor discussed" during the campaign.

By tradition, politics were never discussed on such occasions. Italian parties had highly political names - Christian Democrats and so on - but no content. Only slogans. Ber-

lusconi's party seems to be the opposite: it has policies, and a football supporters' slogan as its name. But will Forza Italia, in fact, now try to put its published programme into practice? The contradictions within the ramshackle electoral coalition which the party leads have been well documented.

If, however, there should be an Italian government with policies that go beyond paying off appropriate interest groups and being blown half-heartedly by any wind that seems to prevail, the possibilities are revolutionary. Will foreign policy no longer consist solely of trying to find out what Washington thinks it ought to be? Will Italy's Euro-policies cease to be a poorly constructed replica of France's?

Berlusconi has no love for Brussels, though, and we could see one crucial element of the "Thatcherite pharmacopoeia" emerge as the new Italian government pursues a European policy that is nearer to that of Britain. Perhaps Italy will no longer be a reliable opponent of anything that smacks of the free market and liberalisation.

Such a change would vindicate fully the complex game played by the British government which, this week, ensured an increase in the number of votes needed to block proposals in the EU's council of ministers.

Still, any kind of political activism will worry Rossi and the millions who voted for Forza Italia. Italy's post-war success, a real eco-

omic miracle, has been founded on the basis of a government which does nothing and creates obstacles. As an Italian colleague, an expatriate Rossi, told me: "The trouble with politics is that they can go wrong."

He is comforted that Berlusconi was helped in his present ennoblement by his contacts with the former socialist leader, Bettino Craxi, now charged with corruption. And that he was a member of the powerful P2 Masonic lodge which seems to have lurked behind some unsavoury milestones of contemporary Italian history.

So, the answer to the above question might still be a reassuring "niente". Perhaps not that much has changed, even though all the papers write of "the Italian revolution". As Niccolò Machiavelli, the greatest political commentator of them all, noted: "People are always taken in by appearances and the outcome of events."

James Morgan is economics correspondent of the BBC World Service.

April 2/3 1994